

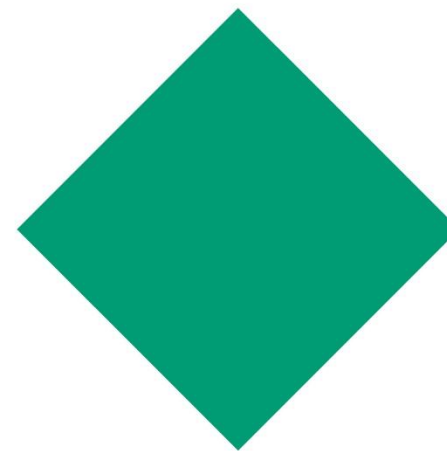


Ushio Group 2nd Medium-Term Management Plan

May 11, 2023

Ushio Inc.

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PART 1 Vision 2030

PART 2 Review of Previous Medium-Term Management Plan

PART 3 Outline of New Medium-Term Management Plan

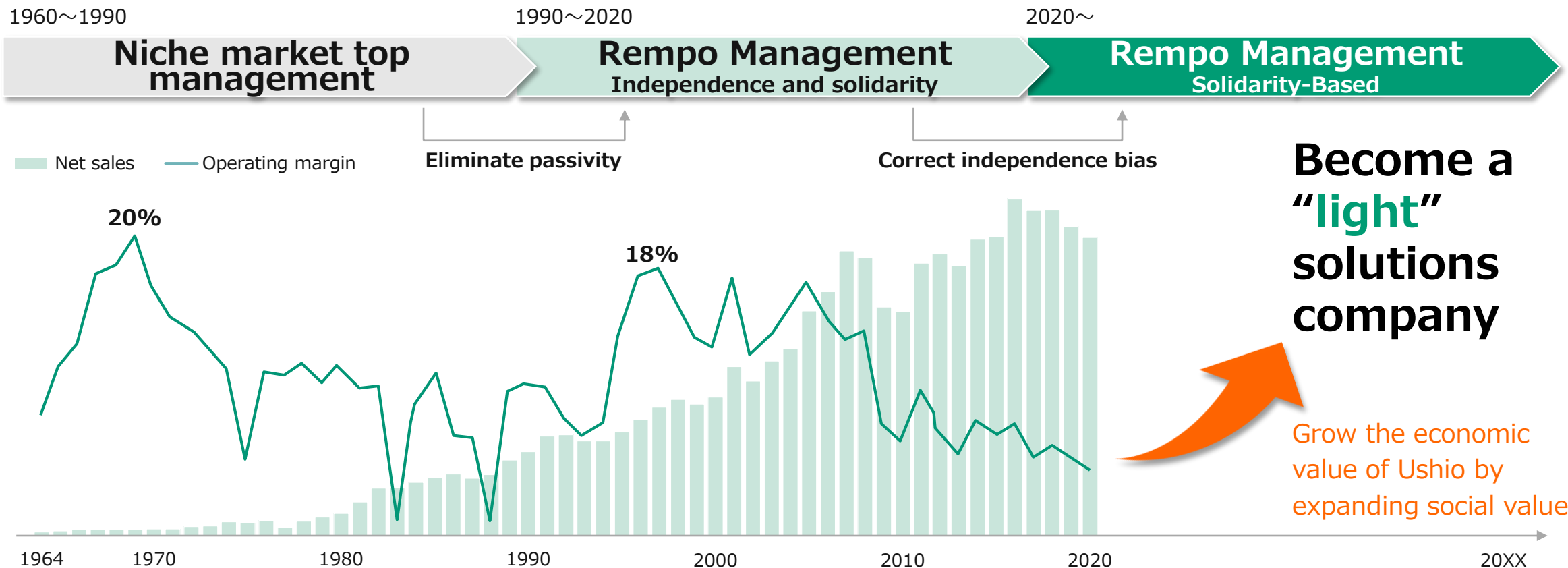
PART 4 Business Strategies



PART 1

Vision 2030

Succeed in an era of sporadic innovation by adopting a management approach that prioritizes total optimization and bolsters solidarity



Become a **“light”** solutions company

Grow the economic value of Ushio by expanding social value

Vision 2030

Mission

Promote the use of light as illumination and energy to support human well-being and societal growth

Vision

Become a "light" solutions company

Grow the economic value of Ushio by expanding social value

Comfort & Convenience

Support the creation of comfortable and convenient social infrastructure via optical processing technologies

Industrial Processes

Excitement & Sharing

Delight people through imaging and lighting technologies

Visual Imaging

Safety & Reassurance

Support the health of people and the planet by applying optical technologies

Life Sciences

Vision backdrop and deployment process

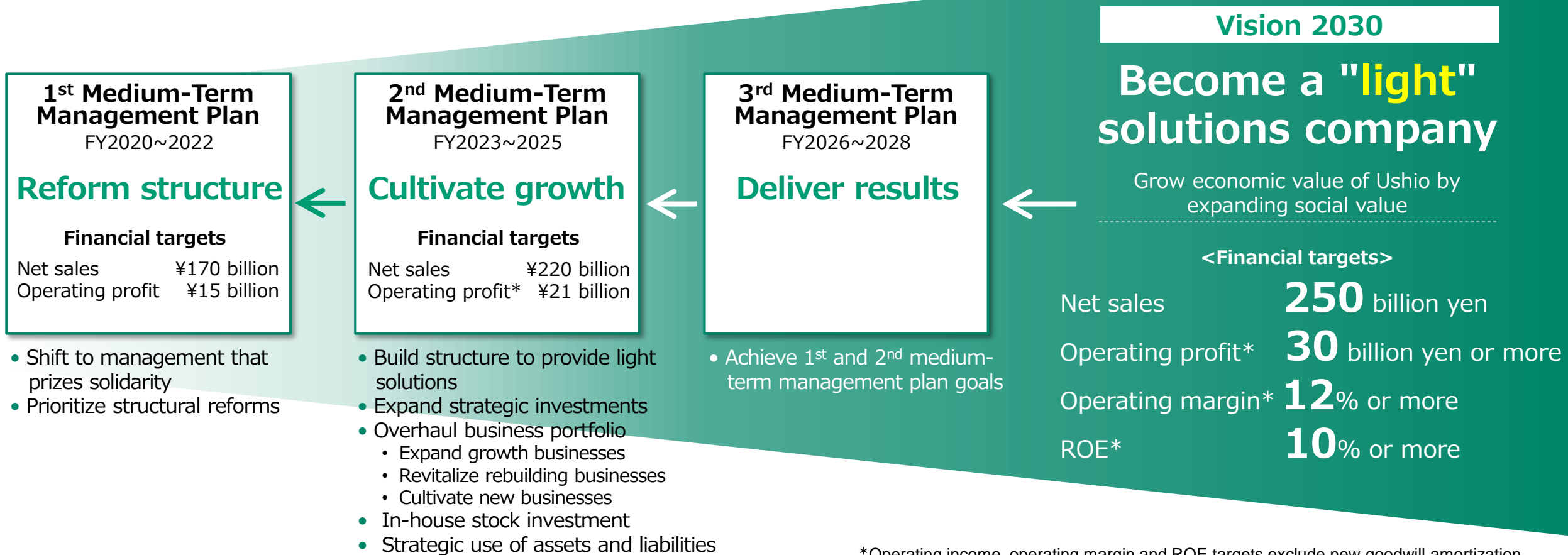
2019

- Clarified Vision for 2030 (10 years hence)
- Concluded that it would be vital to shift from product-centric to market-centric (under three domains shown on left) approach to evolve into a "light" solutions company and clarified value propositions for each market domain

2023

- Progress to next stage after completing initiatives under 1st Medium-Term Management Plan (FY2020~2022), which prioritized profit structure reforms
- Under 2nd Medium-Term Management Plan (FY2023~2025), shift to market-centric operations and fully pursue Vision

Materialize Vision 2030 by pushing forward with the three consecutive Medium-Term Management Plans



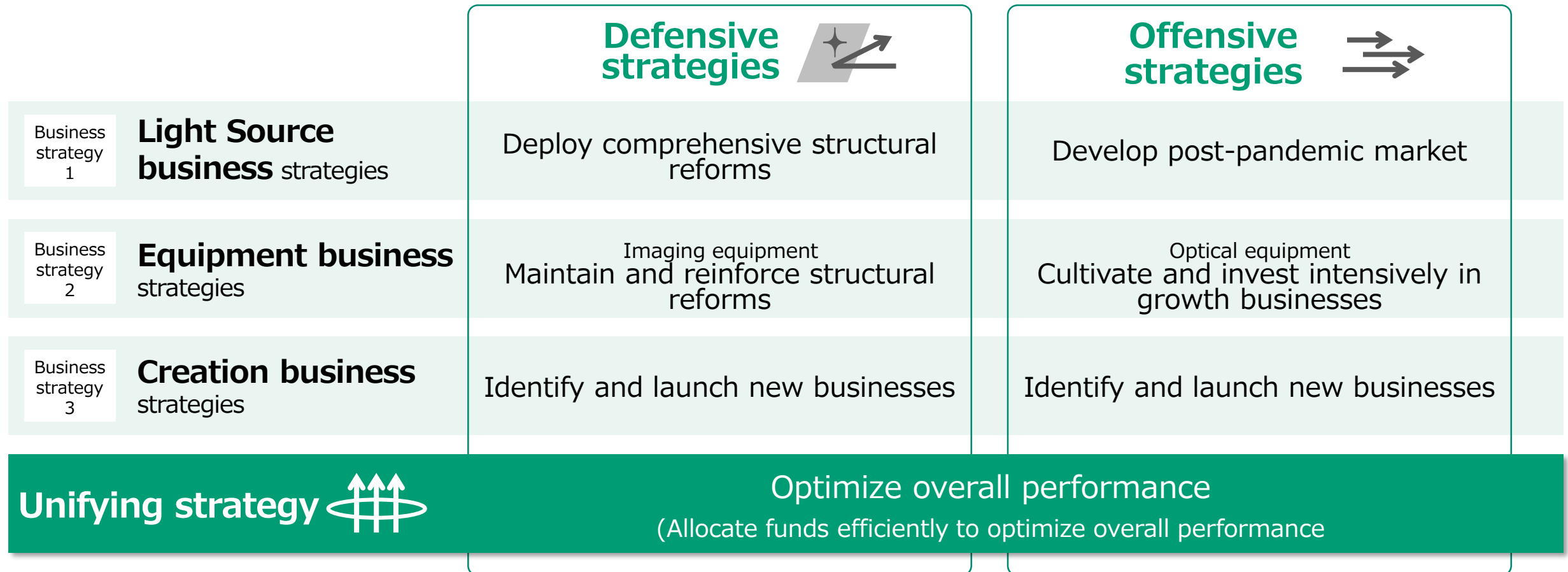
*Operating income, operating margin and ROE targets exclude new goodwill amortization.



PART 2

Review of Previous Medium-Term Management Plan

1st Medium-Term Management Plan was three-year initiative to reinforce fundamentals to transform earnings structure and achieve sustainable growth



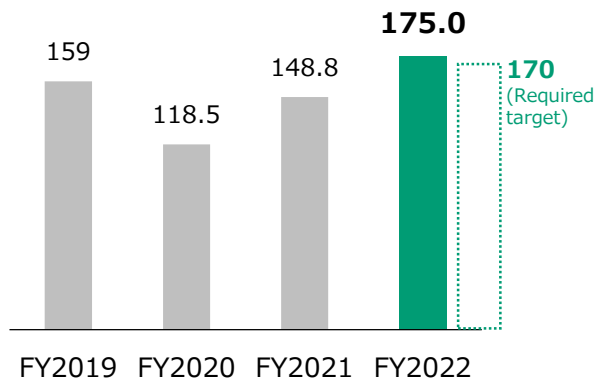
Previous Medium-Term Management Plan Results Summary: (1) Companywide

Reached all mandatory targets and largely transformed earnings structure and solidified foundations

	FY2022 results	Comparison with required targets	FY2022 targets (required - ambitious)
Net sales	175.0 billion yen	5.0 billion yen	170~190 billion yen
Operating profit	15.8 billion yen	1.8 billion yen	14~19 billion yen
Operating margin	9.1%	+1.1 point	More than 8% to more than 10%

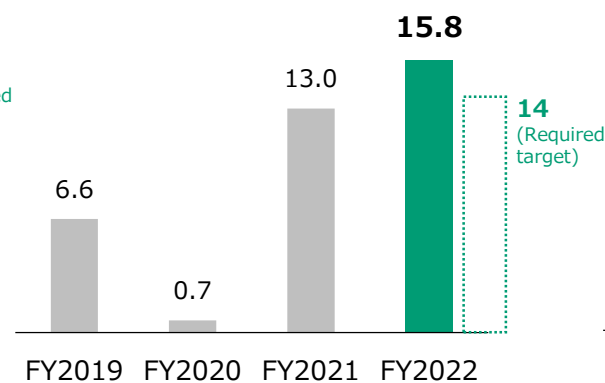
Net sales

(Billions of yen)



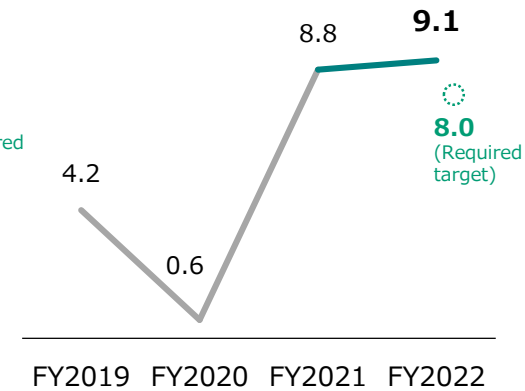
Operating profit

(Billions of yen)



Operating margin

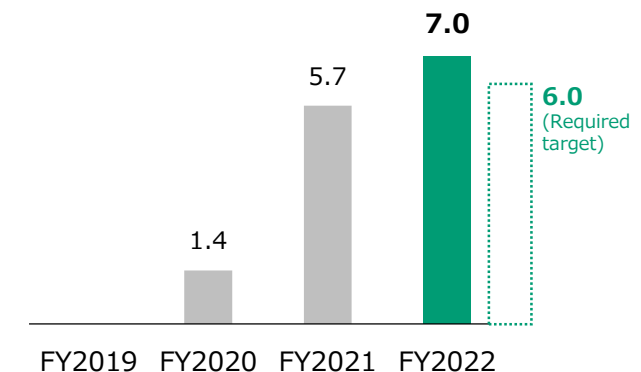
(%)



Structural reforms

(Billions of yen)

Cumulative fixed cost cuts

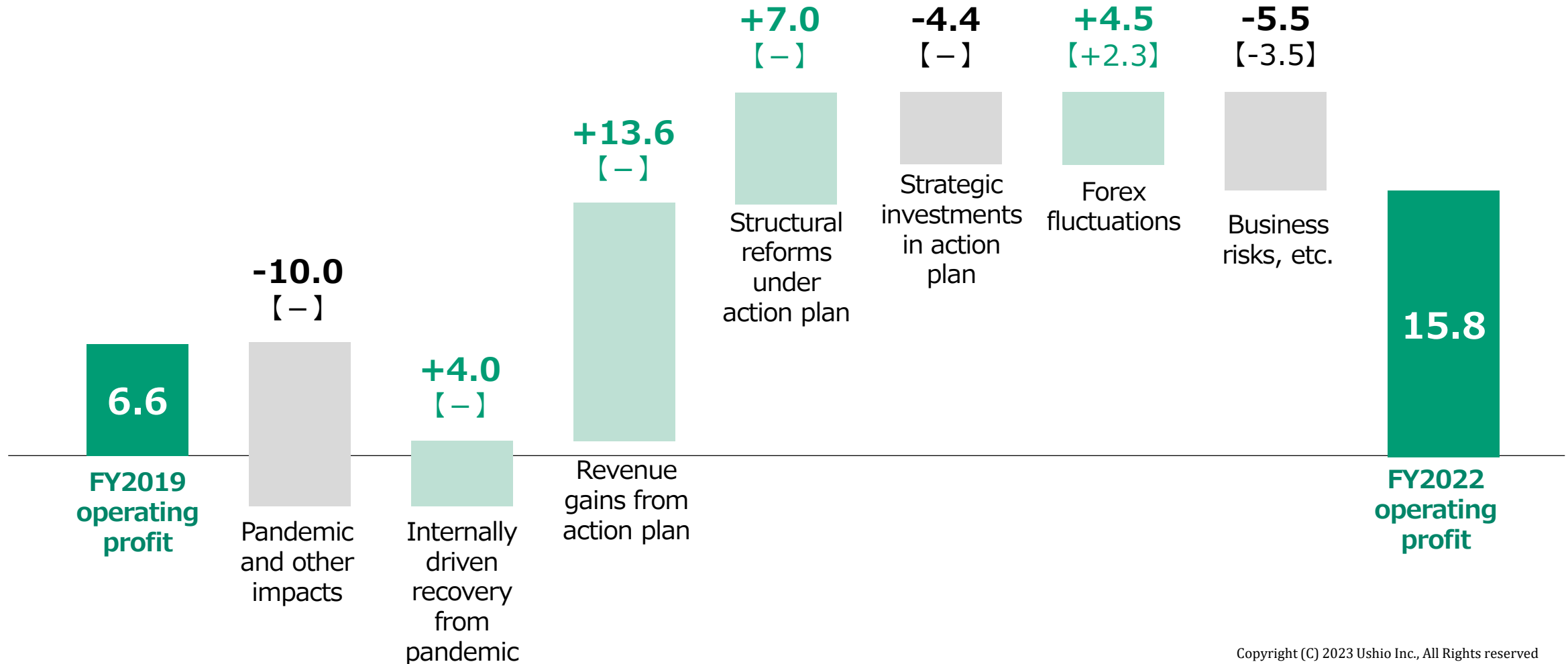


Previous Medium-Term Management Plan Results Summary :

(2) Operating Profit Change Scenario Outcomes

◆ Operating profit changes (Billions of yen)

Note: Figures in parentheses are differences from the latest assumptions



Previous Medium-Term Management Plan Results Summary: (3) Business Segment Results

Reached Light Source and Optical Equipment targets by changing earnings structure but missed Imaging Equipment targets, which is an ongoing issue

(Billions of yen)

Business segments		FY2019 results	FY2022 targets (mandatory to stretch)	FY2022 results	Results and issues
Light Source Business	Sales	58.5	56~66	61.8	<p>Operating margin: Reached ambitious targets</p> <p>Results: Undertook structural reforms (3.7 billion yen vs. planned 3.5 billion yen) to change earnings structure, enhancing the statements of income</p> <p>Issues: Fell short of targets with Care222 in the new environmental hygiene field and solid-state light sources</p>
	Operating margin	10.3%	10.7~12.1%	14.6%	
Optical Equipment Business	Sales	36.1	56~60	57.7	<p>Operating margin: Reached ambitious targets</p> <p>Results: Steadily captured demand during market expansion period for promising lithography equipment field, demonstrating effectiveness of measures undertaken under previous medium-term management plan to enhance earnings structure</p> <p>Issues: Promising EUV light sources business entered demand adjustment phase, performing below par</p>
	Operating margin	-1.5%	8.9~11.7%	12.4%	
Imaging Equipment Business	Sales	60.8	54~60	51.3	<p>Operating margin: Failed to reach required targets</p> <p>Results: Reduced fixed costs by steadily implementing structural reforms (2.8 billion yen vs. planned 2.0 billion yen)</p> <p>Issues: Failed to improve profitability, as inability to constrain parts procurement difficulties offset steps to enhance operating efficiency</p>
	Operating margin	1.4%	5.6~6.7%	-1.3%	

Previous Medium-Term Management Plan Results Summary: (4) Results of Unifying Strategy Initiatives

Achieved objectives of 1st Medium-Term Management Plan and continued to bolster overall performance under new structure

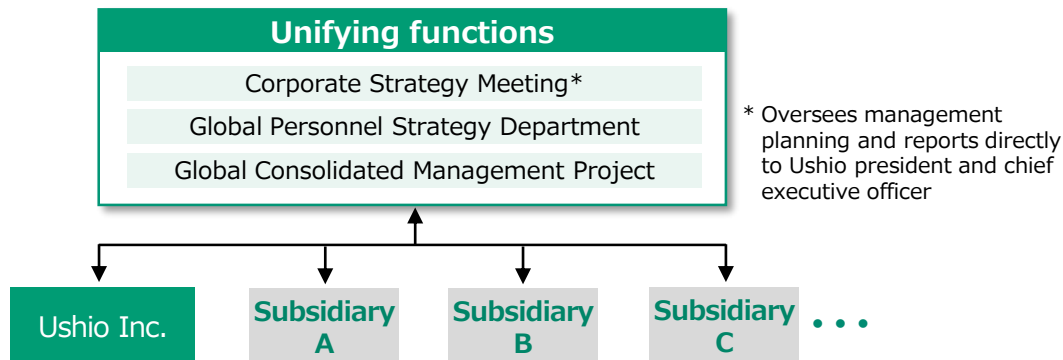
Reformed governance

Outcome: Steadily implemented overall optimization measures

- Completed structural reforms and strategic investments
- Preemptively managed prolonged pandemic impact
- Undertook ESG management
- Enhanced oversight of global management targets
- Undertook global talent development measures

Issue: Bolstering risk management

Post-reform governance



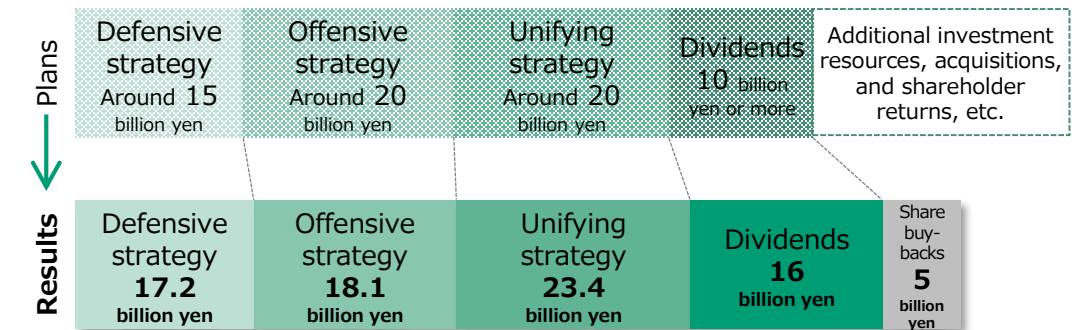
Utilized financial reserves

Outcomes: Executed defensive, offensive, and unifying strategies as planned and boosted shareholder returns

- Annual dividends per share: 26 yen → 50 yen
- Share buybacks: 5 billion yen in FY2022

Issue: Accelerating shift from financial to business assets

Cash outflow plans and results

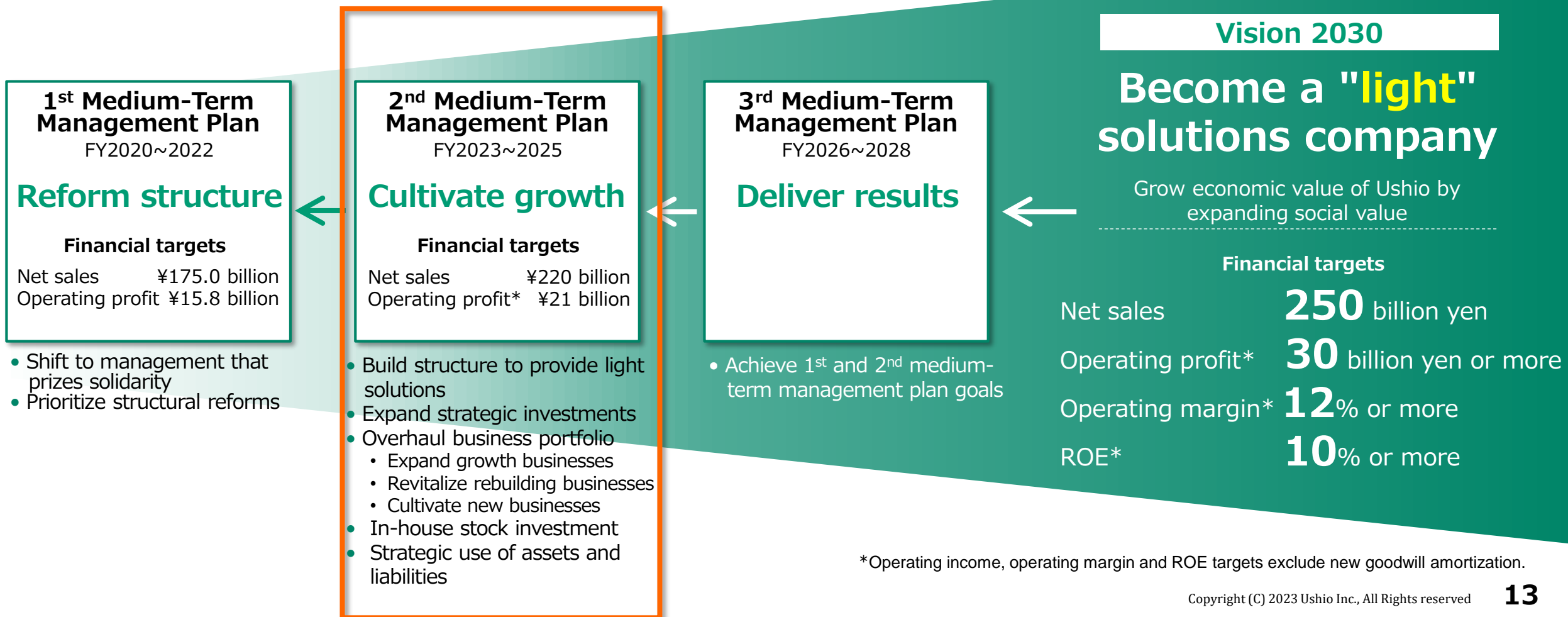




PART 3

Outline of New Medium-Term Management Plan

Materialize Vision 2030 by pushing forward with the three consecutive Medium-Term Management Plans



*Operating income, operating margin and ROE targets exclude new goodwill amortization.

Industrial Processes

Megatrends

Digitally connected society

Manufacturing technology innovations and environmental impact reductions



Value proposition areas

- Semiconductors, electronic devices, and displays
- Electric vehicles
- Building materials, printing, and other manufacturing processes

Visual Imaging

Megatrends

Societies that prioritize human well-being

Reevaluation of premium experiences outside homes



Value proposition areas

- Large-scale video production and operations for entertainment spaces (theme parks, cinemas, and live events)
- Public facilities, corporate control rooms, and video systems

Life Sciences

Megatrends

Climate change

Food and energy issues

Rising and aging populations

Quality of life improvements



Value proposition areas

- Climate change measures
- Extend healthy life expectancies (from environmental hygiene, healthcare, pharmaceuticals, and drug development)
- Address food shortages

Cultivate growth over three years to become truly a “light” solutions company

Build light solutions delivery structure to maximize future earnings



Establish management infrastructure to support businesses

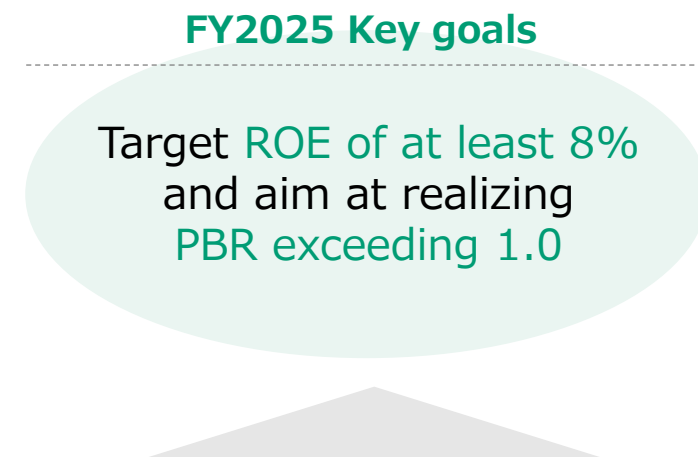


Rebuild business model while expanding existing businesses to boost net sales and operating profit

Making EBITDA key performance indicator in view of expended investments, including through acquisitions

(Billions of yen)

	FY2022 results	Plan targets	Vision2030
		FY2025 targets	FY2030 targets
Net sales	175.0	220	250
Operating profit* ¹	15.8	21	30
Operating margin* ¹	9.1%	9.5%	12% or more
EBITDA*²	23.6	30	39
EBITDA margin	13.5%	13.6%	15.6%
ROE*¹	5.7%	8% or more	10% or more
Cash conversion cycle	6.6 months	5.2 months	-
Equity ratio	75.4%	60% or more	-

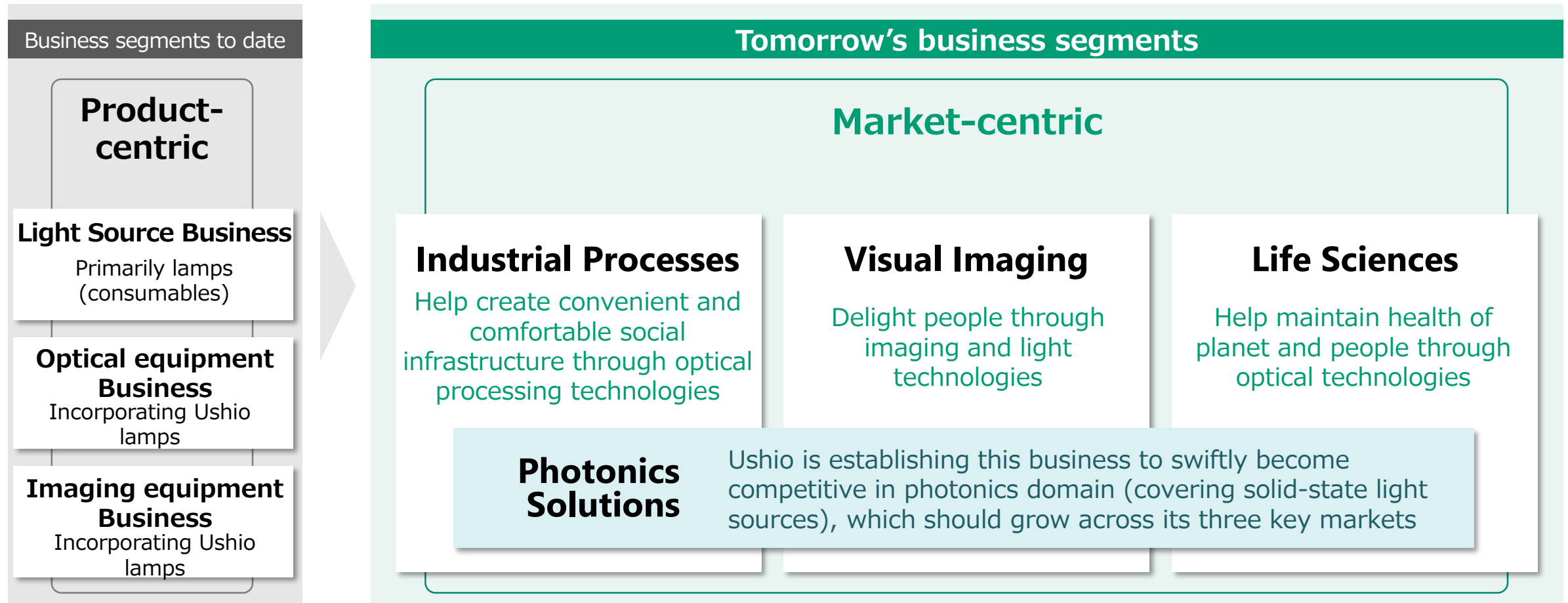


- Earnings growth: Reach EBITDA target in FY2025
- Capital efficiency: Reach ROE target in FY2025

*1 Operating profit, operating margin, and ROE targets exclude new goodwill amortization.

*2 EBITDA = operating profit + depreciation and amortization and amortization of goodwill

Accelerate provision of light solutions by making business domains market-centric



Reference: Reporting Segment Changes

Old business segments	Subsegments	
Light Source Business	Halogen lamps	• OA
		• Lamps
		• Others
	Discharge lamps	• UV lamps
		• Cinema
		• Data projector
		• Optical equipment
• Solid state light sources		
Optical Equipment Business	• UV equipment	
	• Curing equipment	
	• Others	
Imaging equipment Business	• Cinema	
	• General imaging	
	• Lighting equipment, etc.	
Others	• Machinery for industrial use and others	

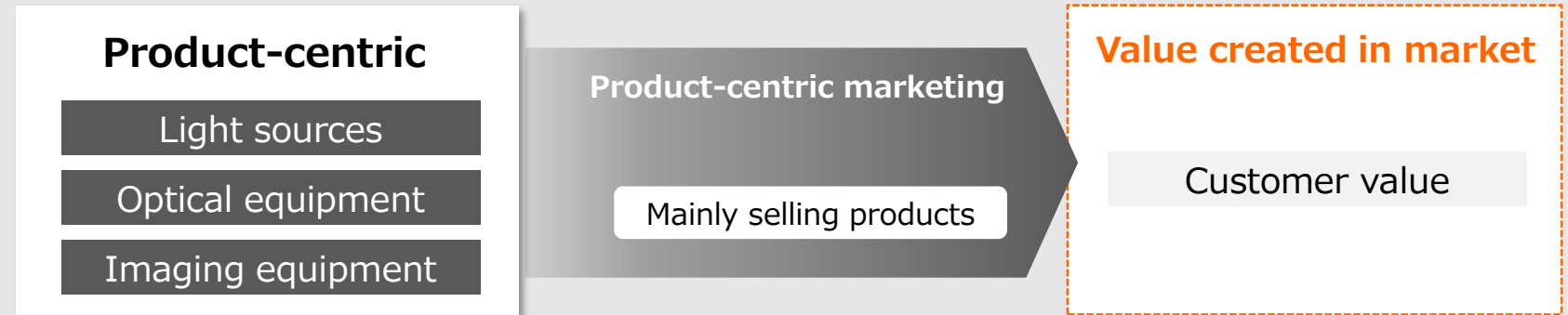


New business segments	Major Products
Industrial Processes	<p>Light Source: UV lamps, OA lamps, Optical equipment lamps</p> <p>Optical equipment: UV equipment, Curing equipment, EUV light source for photomask inspection, After-sales maintenance service</p>
Visual Imaging	<p>Light Source: Cinema lamps, Data projector lamps</p> <p>Optical equipment: Digital cinema projector, General imaging projector, Imaging-related equipment, After-sales maintenance service</p>
Life Sciences	<p>Light Source: "Care222"-incorporated products</p> <p>Optical equipment: Ultraviolet treatment equipment</p>
Photonics Solutions	Light Source: Solid-state light sources
Others	Others

Sell products while reinforcing solutions proposals with a view to social value

To date

Customer value has been the prime outcome from product-centric marketing



Tomorrow

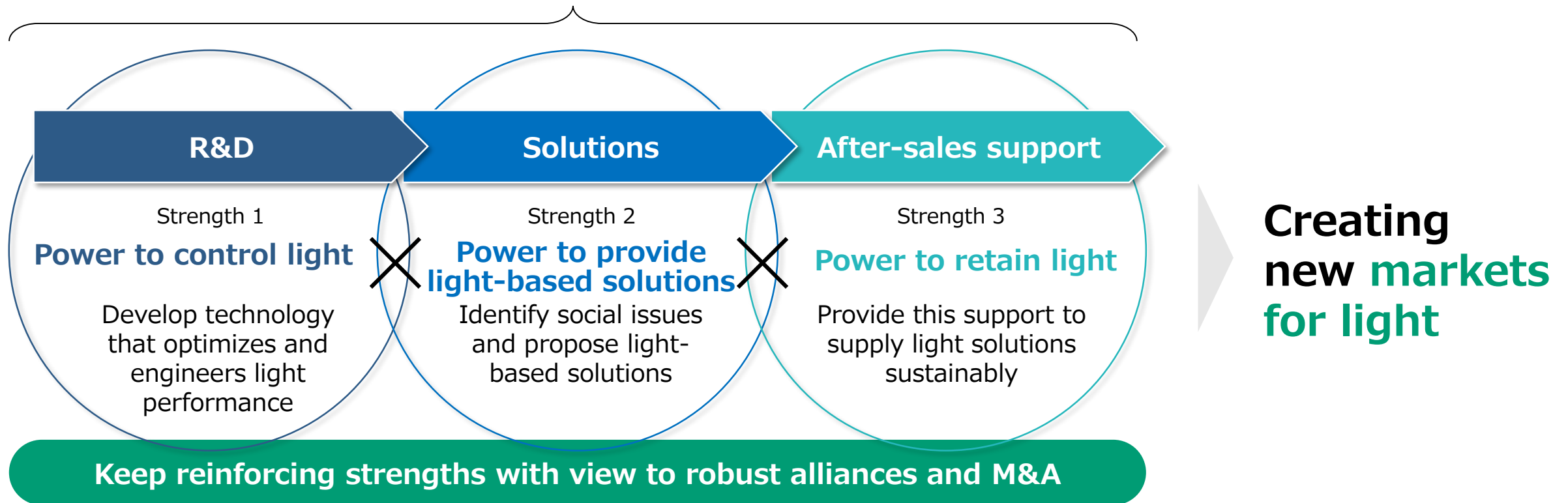
A market-centric approach will extend value created in market to encompass both **social value** and **customer value**, driving more **economic value**



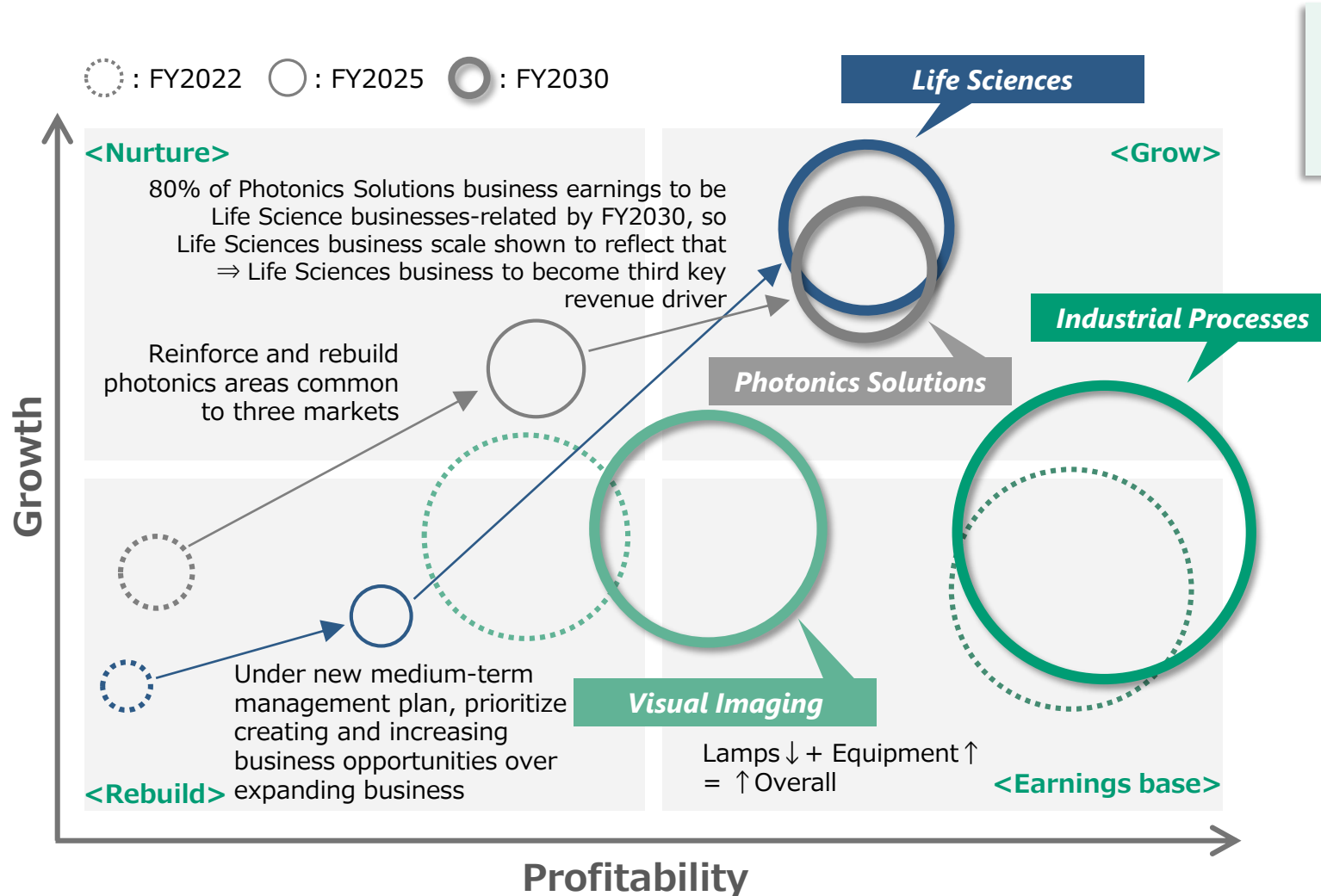
Rebuild strengths for each light solutions delivery process

Essential to structure for providing these solutions

Light solutions delivery process (3 steps)



Reorganize and make business portfolio market-centric and pursue strategies



Business Portfolio Reorganization Policy
Continuously review the business portfolio for profitable growth toward 2030, and actively utilize held assets and liabilities for this purpose

- Industrial Processes** Core business

Expand semiconductor-related operations while driving stable earnings growth by developing manufacturing solutions
- Visual Imaging** Core (rebuilding) business

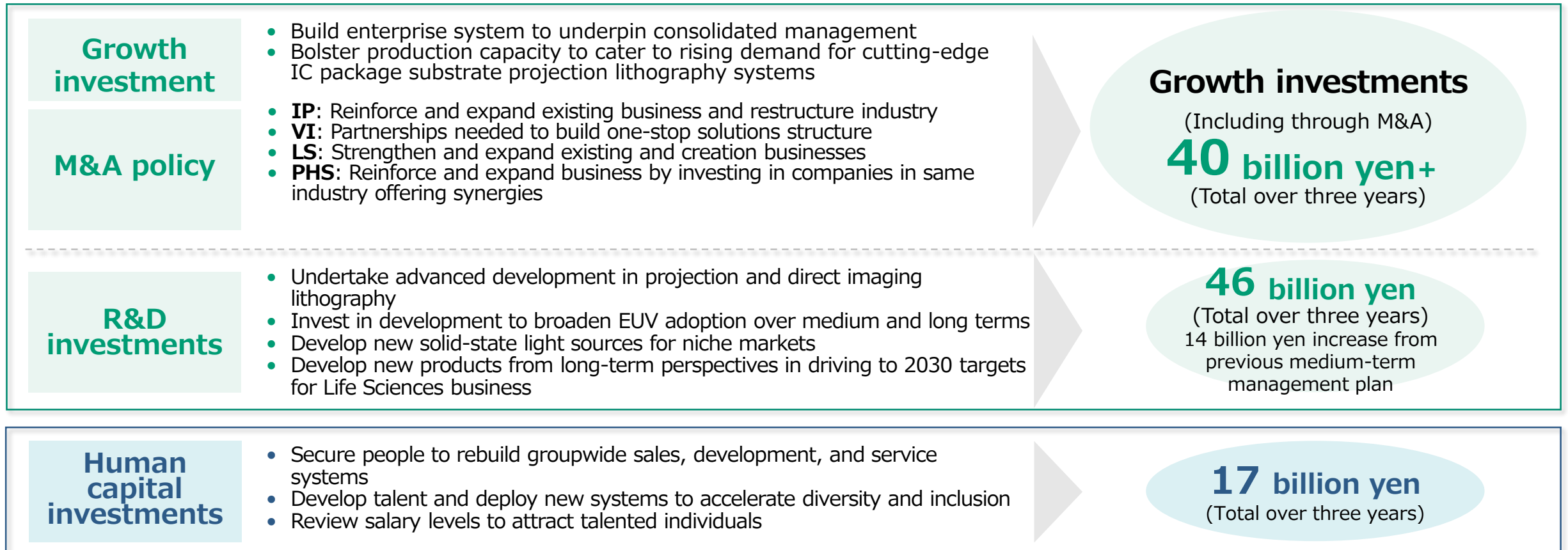
Rebuild business toward 2030 by creating solutions platform
- Life Sciences** Incubation business

Step up cultivation efforts so business can grow as key new domain
- Photonics Solutions** Reinforcement and rebuilding business

Swiftly become competitive in photonics field (solid-state light sources) spanning three markets.

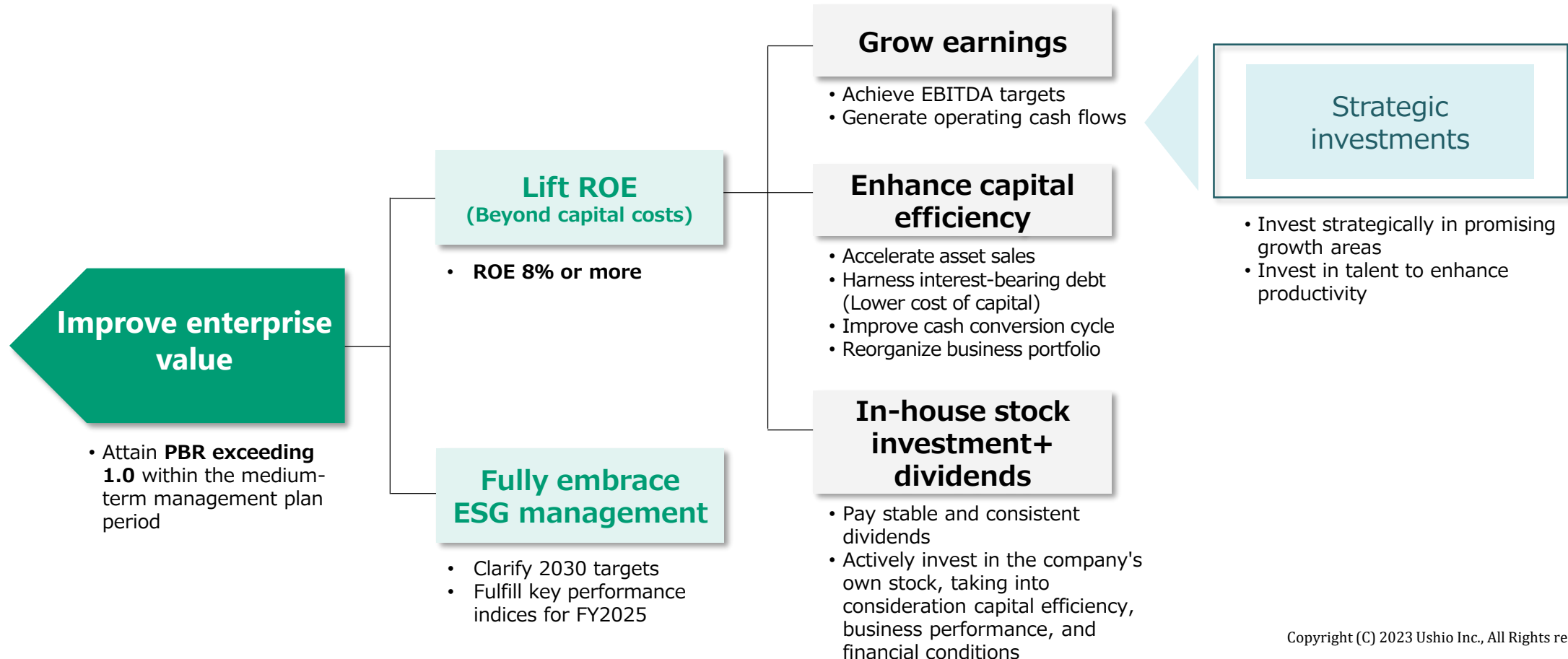
Invest strategically in areas with growth potential and invest in human capital to enhance productivity

Strategic investments

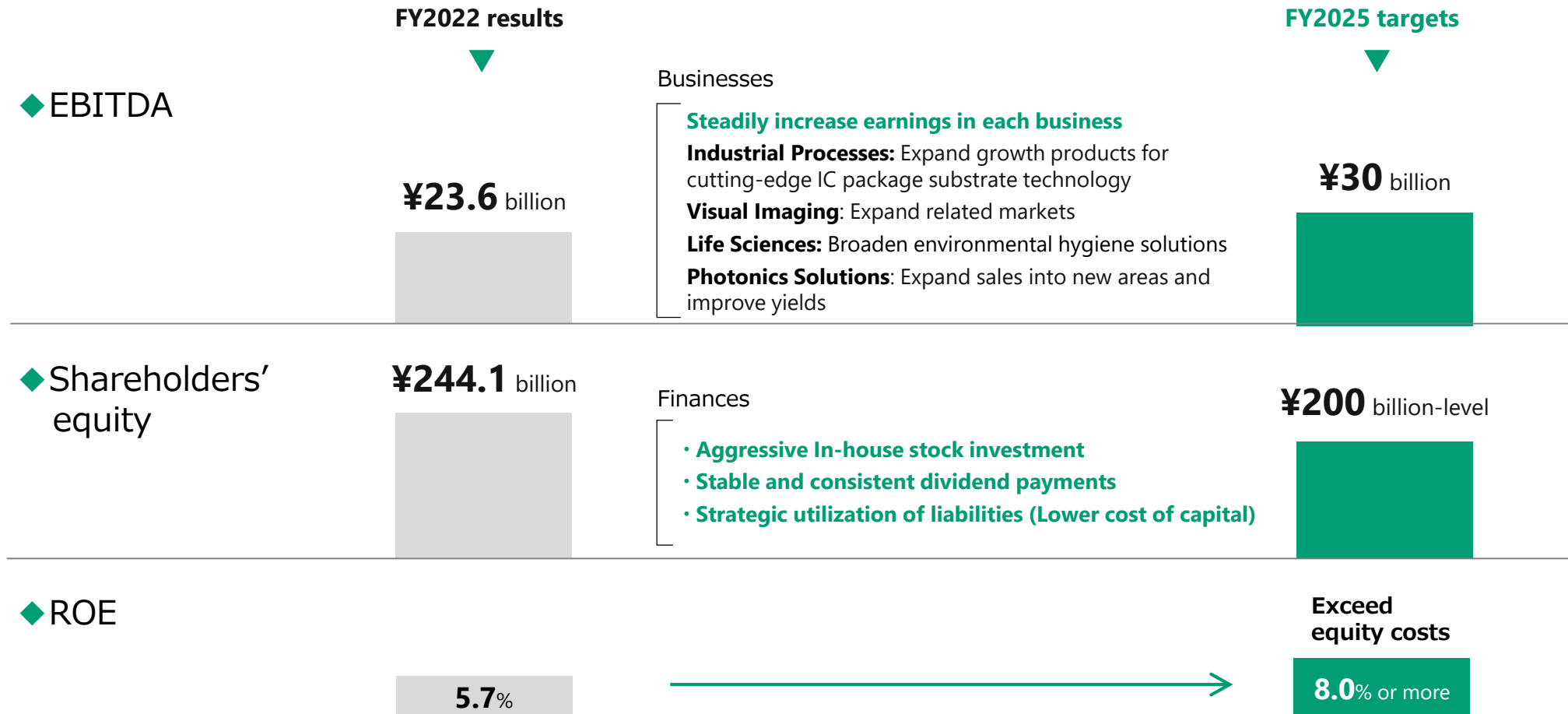


Improve enterprise value by lifting ROE and undertaking full-fledged ESG management (to boost PBR to more than 1x)

Financial policies framework to improve enterprise value

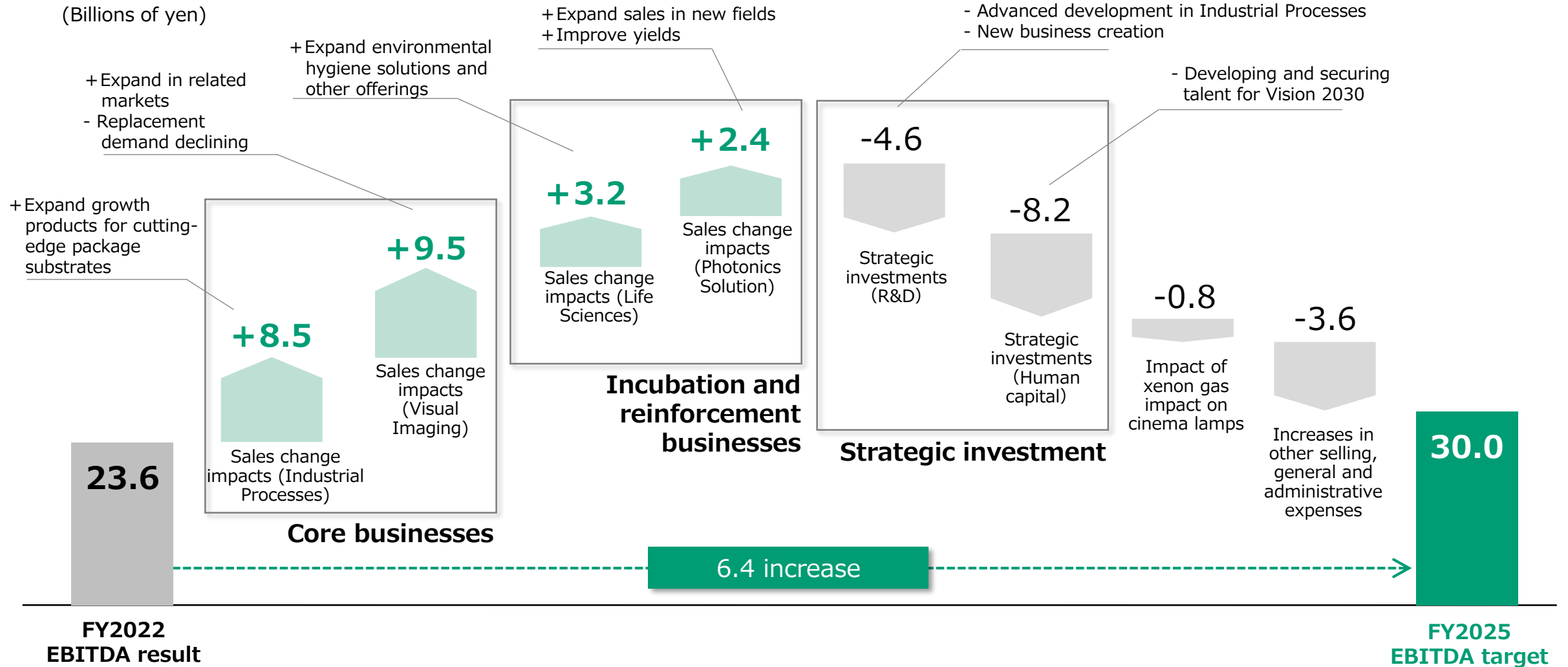


Attain ROE of at least 8% by FY2025 by steadily expanding earnings and improving capital structure



Build Management Infrastructure to Support Businesses (2): Enhance Capital Efficiency (3/4): Scenario for Assumed EBITDA Changes

◆ Assumed EBITDA changes



Endeavor to enhance capital efficiency through in-house stock investment and major growth investment allocations

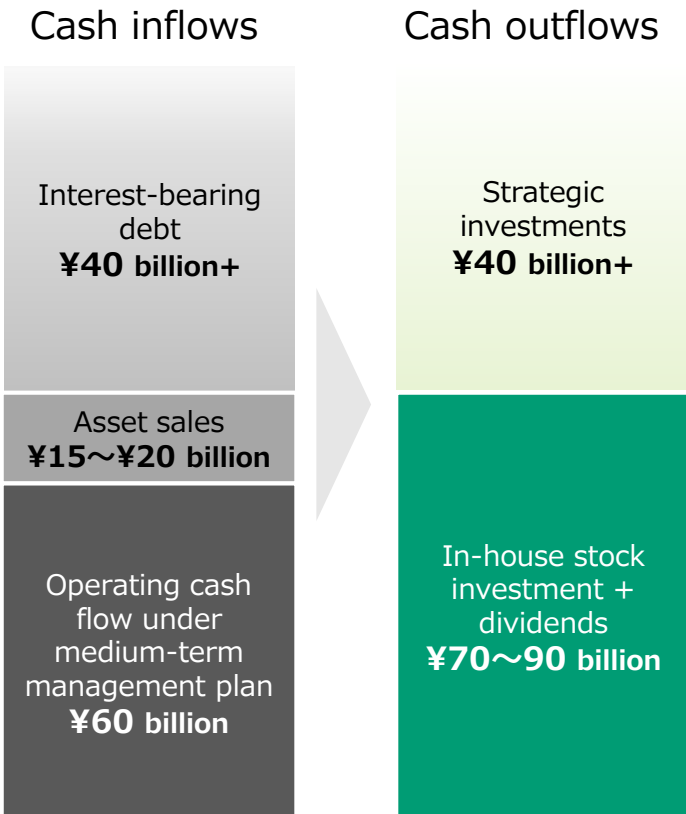
Cash generation

- Operating cash flow under medium-term management plan: ¥60 billion over three years
- Asset sales: ¥15~¥20 billion
- Interest-bearing debt usages: ¥40 billion+ α (Lower cost of capital)

Capital allocations

- **Strategic investments: ¥40 billion+** Growth investments (including M&A): ¥40 billion+
- **Financial position** Equity ratio: At least 60%
- **In-house stock investment + dividends: Around ¥70-¥90 billion over three years**
 - Stable dividends
 - Undertake in-house stock investment, factoring in business performance and financial position (Resolved to set aside 30 billion yen for share repurchases in the first year)

Target ROE of at least 8% by FY2025



Undertake full-fledged ESG management initiatives to materialize Vision 2030



1st Medium-Term Management Plan

2nd Medium-Term Management Plan

3rd Medium-Term Management Plan

Identified and prepared to tackle five material issues			Full deployment (KPI clarification) → Embed → Self-propel and operate stably							
FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030

FY2021

Formulated five management focuses

Key issues for constantly enhancing corporate value while striving to resolve social issues over long term

- ① Creating Businesses with Greater Social Value
- ② Developing Our Diverse Talent to Get Closer to Our Vision
- ③ Creating Working Environments where It Is Easy to Produce Results
- ④ Sustainably Reducing Environmental Impact
- ⑤ Building a Robust Management Base

FY2023 and beyond

Undertake business growth and ESG efforts, clarifying non-financial KPI goals and undertaking full-fledged activities to reach Vision 2030 objectives

FY2022

Established ESG Promotion Headquarters•

- Pursued five management focuses
 - Enhanced engagement
 - Improved employee engagement
 - Commissioned external assessment to analyze and execute
 - Tested KPI formulation hypotheses

Become a “light” solutions company

Increase Ushio’s economic value by expanding social value

Financial targets






Net sales
¥250 billion

Operating profit
¥30 billion or more

Operating margin
12% or more

ROE
10% or more

Five Management Focuses (Materiality) and Vision 2030

Management focuses	Vision 2030	Key performance indices for FY2025	Economic value connection
 <p>Creating Businesses with Greater Social Value</p>	<ul style="list-style-type: none"> • Create businesses that address social issues of climate change, food supply, extending healthy life expectancies, and digitizing business processes 	<ul style="list-style-type: none"> • R&D structure that constantly generates new value, with some themes on track for commercialization 	<p>Expand revenues and earnings by creating new businesses</p>
 <p>Developing Our Diverse Talent to Get Closer to Our Vision ⇒ See page 29</p>	<ul style="list-style-type: none"> • Undertake Group management and provide systematic training with diverse personnel • Ensure global employee mobility 	<ul style="list-style-type: none"> • Human capital bolstered, with focus on global/technical/managerial literacy capabilities • Human capital identified through talent map that meets business needs, with rational management system in place 	<p>Bolster talent to create new value that generates profits and accelerates growth strategies</p>
 <p>Creating Working Environments where It Is Easy to Produce Results ⇒ See page 29</p>	<ul style="list-style-type: none"> • Build corporate culture that embraces diversity • Enable employees to be physically and mentally healthy and enjoy their work • Ensure high engagement levels so company and employees grow together 	<ul style="list-style-type: none"> • Proportion of women in managerial positions: 15% and 10% on consolidated and non-consolidated bases, respectively • Employee engagement score up 10 percentage points from FY2022 	<p>Provide attractive workplaces and work practices for diverse people to boost engagement and productivity</p>
 <p>Sustainably Reducing Environmental Impact</p>	<ul style="list-style-type: none"> • Resolve social issues by undertaking biodiversity initiatives and cutting greenhouse gas emissions across value chain • Offer products and services that lower environmental impact 	<ul style="list-style-type: none"> • Reductions of in-house greenhouse gas (Scope 1 and 2) emissions: At least 30% from FY2017 level • Reductions of greenhouse gas emissions (Scope 3 cat. 11) from company's products: At least 30% from FY2017 levels • Measure and convey benefits of products helping shrink customers' environmental footprints 	<p>Business creation through environmentally friendly products Maintain and expand corporate value by fulfillment corporate social responsibilities</p>
 <p>Building a Robust Management Base ⇒ See page 30</p>	<ul style="list-style-type: none"> • Formulate and reach management, business, and employee goals • Manage business portfolio through timely efforts to identify management resources • Clarify business risks and groupwide risk responses • Create corporate culture and framework for respecting human rights across value chain • Reinforce and deepen governance 	<ul style="list-style-type: none"> • Beginning groupwide to respond to social demands and earning some recognition for disclosure from external evaluation organizations and stakeholders 	<p>Establish stable revenue base and safeguard corporate value</p>

Human capital strategy directions to materialize Vision 2023: Global / New Value Creation / Diversity / Engagement

Vision 2030



Developing Our Diverse Talent to Get Closer to Our Vision

- Undertake Group management and provide systematic training with diverse personnel
- Ensure global employee mobility



Creating Working Environments where It Is Easy to Produce Results

- Build corporate culture that embraces diversity
- Enable employees to be physically and mentally healthy and enjoy their work
- Ensure high engagement levels so company and employees grow together

Key measures (continuation from previous medium-term management plan)

Bolstering talent pivotal to materializing Vision 2030

- Bolster talent across diverse academic backgrounds and develop employees to have technical background and management literacy
- Develop leaders for key Group positions
- Cultivate people with digital skills to enhance productivity and creativity

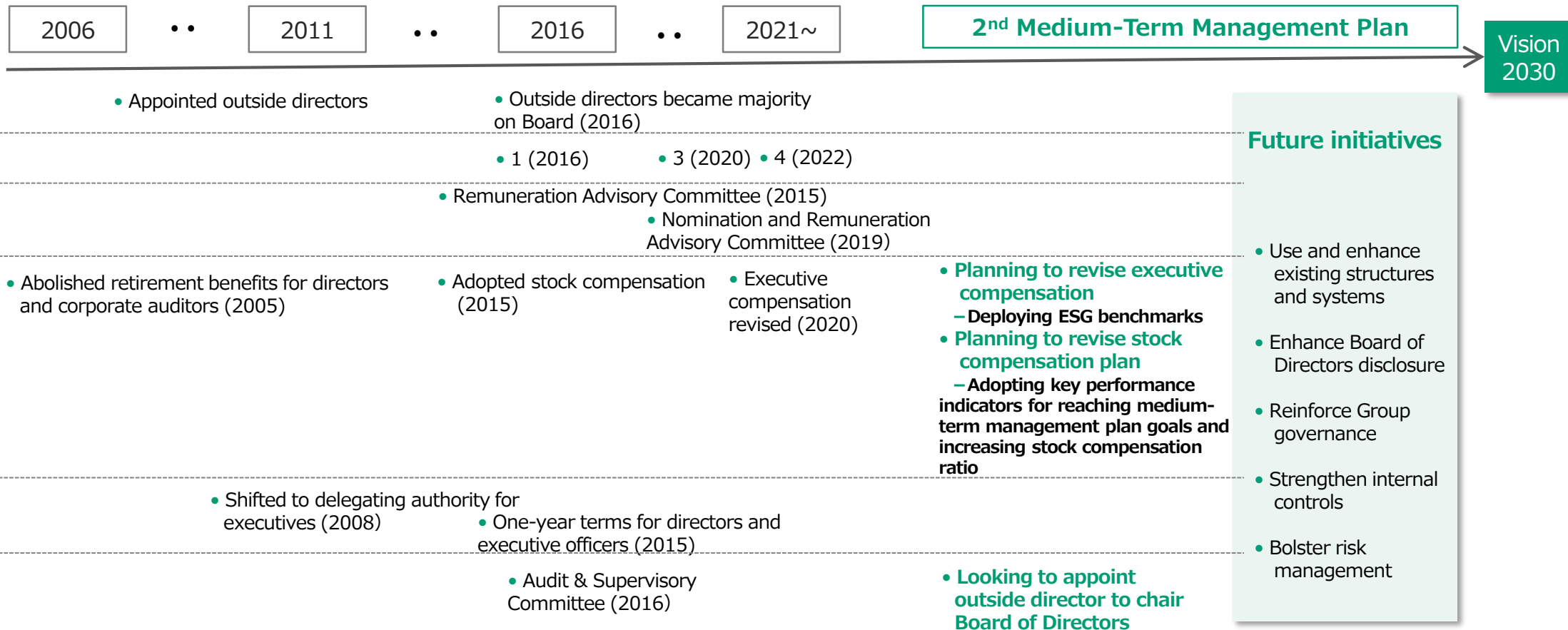
Become highly engaged group that delivers high value-added results

- Accelerate diversity and inclusion
- Provide attractive workplaces and work practices
- Undertake data-driven health management, based on strategic map

Examples of measures

- Deployed rational recruiting and training strategies under business needs-based human capital map
- Exchanged personnel among Group companies by evolving groupwide personnel system
- Secured people with engineering backgrounds to gain diverse experiences and become central to new value creation and growth strategies
- Overhauled program for older workers system to improve job satisfaction and rolled out experimental three-day work week and side job setup
- Launched employee stock compensation system and fostered awareness of need to increase corporate value by linking compensation to share price and performance over medium through long terms
- Set specific numerical indicators for each of the three health goals ("work, mental, and physical health")

Solidify corporate governance to materialize 2030 Vision and accelerate ESG management

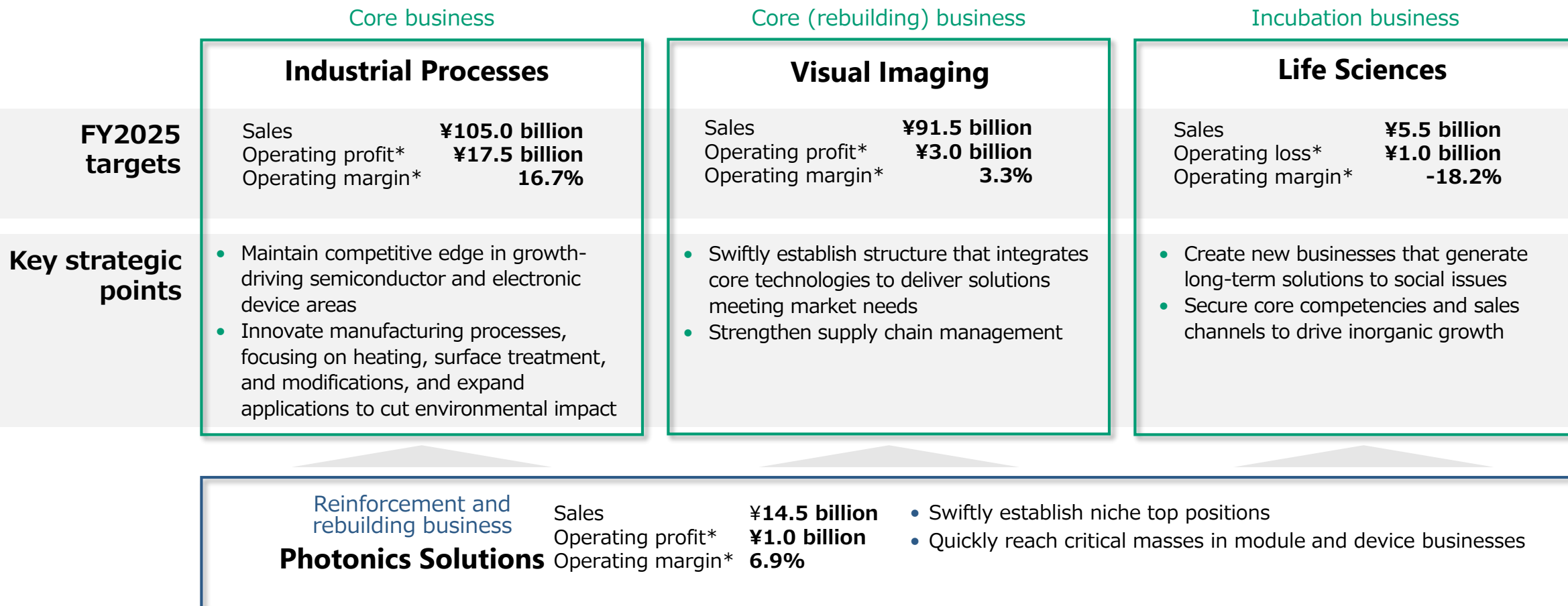




PART 4

Business Strategies

Progress with growth strategies in business domains reorganized along three market lines



*Operating profit and operating margin targets exclude new goodwill amortization.

Segment Sales and Operating Profit Targets

(Billions of yen)

	FY2022 results (Ref*1)		2 nd Medium-Term Management Plan FY2025 targets		Vision 2030 FY2030 targets	
	Sales	Operating profit (loss)	Sales	Operating profit (loss)*2	Sales	Operating profit*
	Industrial Processes	88.1	17.2 (19.5%)	105.0	17.5 (16.7%)	126.0 or more
Visual Imaging	67.7	3.0 (4.4%)	91.5	3.0 (3.3%)	85.0 or more	7.0 (8%~12%)
Life Sciences	4.6	(4.9) (-106.0%)	5.5	(1.0) (-18.2%)	19.0 or more	2.0 (11%~15%)
Photonics Solutions	10.1	(0.2) (-2.9%)	14.5	1.0 (6.9%)	20.0 or more	2.5 (13%~15%)
Total*3	175.0	15.8 (9.1%)	220.0	21.0 (9.5%)	Net sales: 250.0 or more Operating margin: 12% or more	

Note:

*1 FY2022 values for each segment are reference values prepared by the Company for comparison purposes.

*2 These operating profit and operating margin targets exclude new goodwill amortization.

*3 Total amount includes Others.

*The percentages in () in the Operating profit column indicate the operating income ratio.

Help create **convenient and comfortable** social infrastructure through optical processing technologies

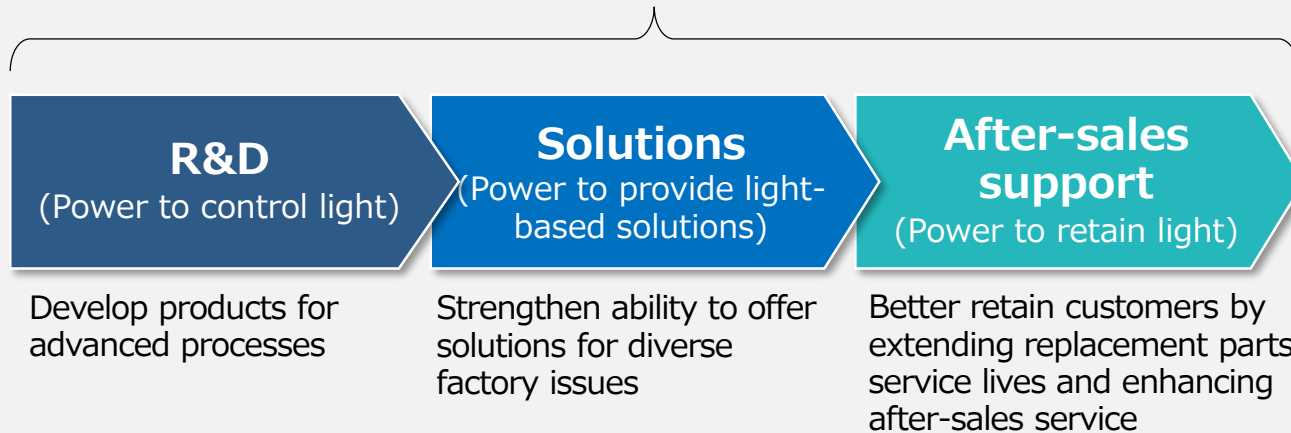
Value proposition of Industrial Process business

Manufacturing processes

- Semiconductors, electronic devices, and displays
- Electric vehicles
- Building materials and printing, etc.

Light solutions trajectory to materialize vision

Focus on providing manufacturing process solutions to customers and offering subsequent services (maintaining value)



Value generated in market

Customer value

At customer factories

- Reduce bottlenecks in semiconductor and other technological innovations
- Help enhance quality, cut costs (such as through energy savings), shrink environmental footprints, and reduce hazardous substances

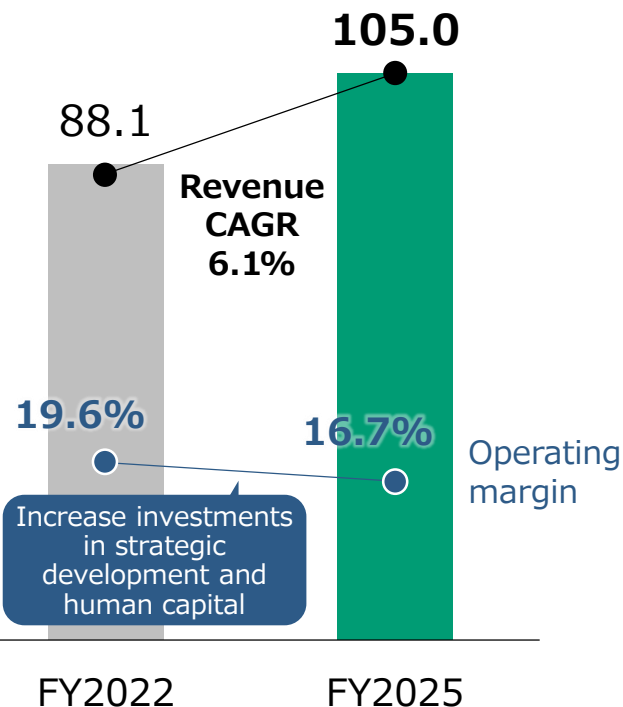
Social value

Through customers

Help achieve SDGs overall, such as by offering convenience and comfort worldwide and tackling environmental, poverty, and medical issues

Business policy: Generate business opportunities by driving growth on semiconductor field and offering light solutions

◆ Financial targets
(Billions of yen)



Operating climate assumptions

✓ Semiconductor market to regain growth after slowdown

- Advances in cutting-edge IC package substrate technology (for larger, higher-density devices)
- Rapid technological innovations and intensifying competition

✓ Accelerating manufacturing process reviews in line with environmental impact reduction needs

Action plans (Vision 2030 preparations)

- 1 Secure earnings with growth offerings for IC package market
*Large field lithography equipment and direct imaging lithography systems for cutting-edge IC package substrates
- 2 Step up efforts to expand opportunities over medium and long terms for EUV mask inspection light sources
- 3 Establish new business foundations by offering optical processes for manufacturing
- 4 Secure stable earnings by steadily capturing lamp demand

Note:

FY2022 values for each segment are reference values prepared by the Company for comparison purposes
Operating income margin for FY2025 is calculated excluding amortization of new goodwill.

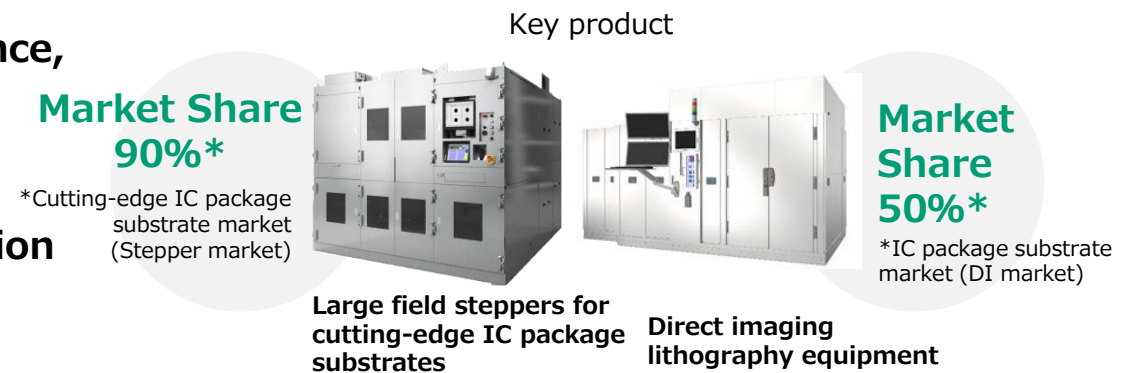
Action plan 1

Secure earnings with growth products for IC package market



Operating climate assumptions

- ✓ **Growth of cutting-edge IC package substrate technology through advances in Internet of Things, artificial intelligence, and 5G communication technologies**
 - Ongoing market growth and demand for performance gains in miniaturization technology
- ✓ **Rapid technological innovations and intensifying competition**

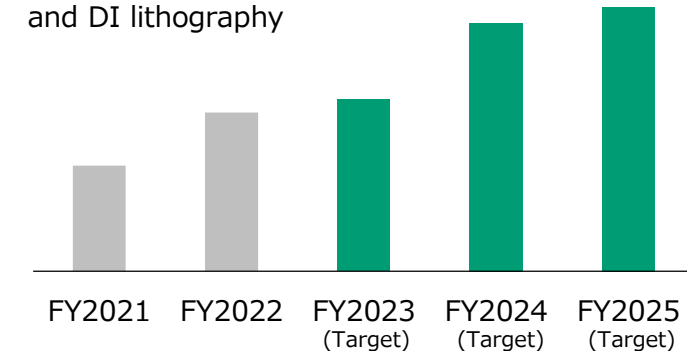


Issues and measures

- ✓ **Boosting production capacity to cater to expanding demand**
 - Large field steppers for cutting-edge IC package substrates: Double production capacity toward FY2025
 - Direct imaging (DI) lithography: Level out production after boosting capacity
- ✓ **Maintaining and improving competitive edge (high market share)**
 - Push forward with development for miniaturization and other next-generation processes, enhancing productivity, resolution, and positioning precision
 - Streamline operations by optimizing resource allocations for lithography business overall and enhance ability to offer customer proposals

◆ Envisaged sales (Billions of yen)

Large field steppers for cutting-edge IC package substrates and DI lithography



Action plan 2

Bolster efforts to expand opportunities for EUV light source for photo mask inspection over medium and long terms



Operating climate assumptions

- ✓ Continue to expand EUV lithography processes over medium through long terms
- ✓ Progress in 3 to 2 nm node commercialization
- ✓ Changes in light source market environment for EUV mask inspection and APMI*
 - Intensifying competitive environment owing to growing cost cutting needs

Issue and measure

- ✓ **Issue: Address total costs of ownership**
- ✓ **Measure: Expand recruitment opportunities by extending competitive edge**
 - Keep investing in development
 - Maintain and enhance such technological edges as stable uptimes and high performance
 - Step up efforts to reduce total costs of ownership (such as by extending replacement part lives)
 - Initiatives to attract new customers

EUV mask inspection light source

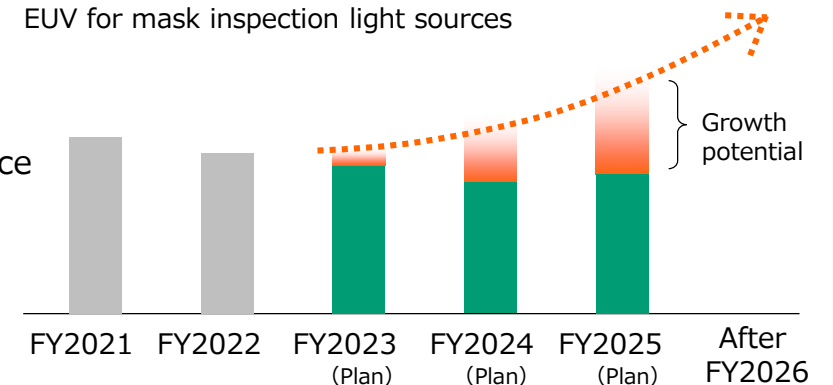


Key product



(Provided by TNO)

◆ Envisaged sales (Billions of yen)
EUV for mask inspection light sources



*APMI: Actinic Patterned Mask Defect Inspection

Action plan 3

Establishing new business foundations by offering optical processes for manufacturing

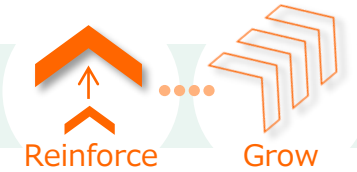
Operating climate assumptions

- ✓ Rising need to innovate production processes, including to shrink environmental footprint

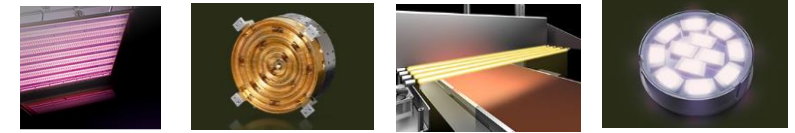
Issues and measures

- ✓ Strengthen light solutions structure to offer processes

- Bolster proposal capabilities across broad fields (including by securing human capital)
- Satisfy customers and stabilize earnings by reinforcing after-sales services



Key products



Heating, surface modification, and adhesion from light contributing to innovation in various manufacturing processes

Target areas: Electric vehicles (batteries, etc.), building materials, printing, and semiconductors

Action plan 4

Generate stable earnings by steadily capturing demand in lamp domain

Operating climate assumptions

- ✓ Semiconductors: Although growth should slow temporarily, market should thereafter expand gradually
- ✓ Flat panel displays: Demand unchanged owing to growth stagnation
- ✓ New demand to expand in line with device diversification

Issues and measures

- ✓ Keep investing to enhance lamp performance to maintain competitiveness in existing markets
- ✓ Capture demand by strengthening sales capabilities and customer service



Key product



Market share
70%~75%

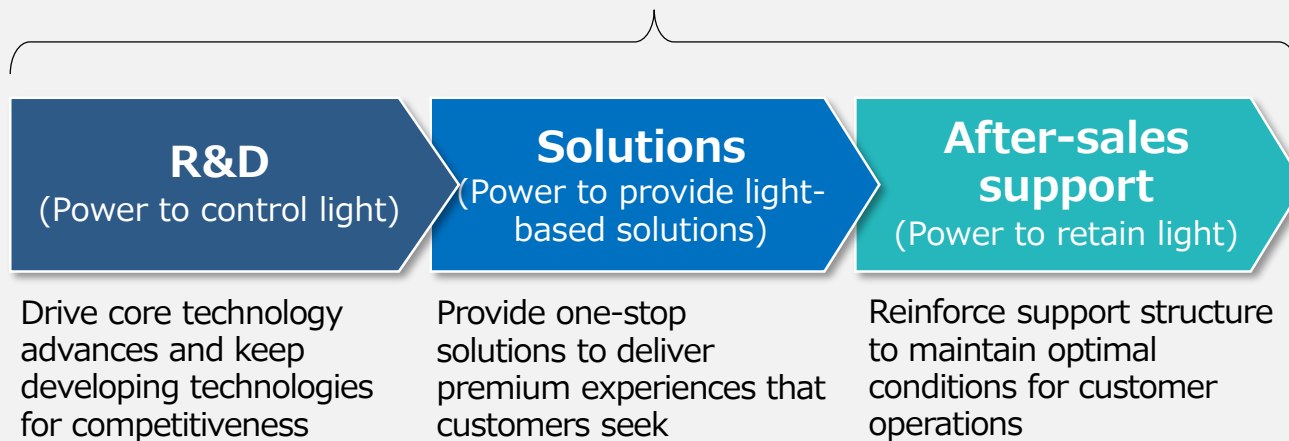
Delight people through imaging and lighting technologies

Value proposition of Visual Imaging business

- Large-scale video production and operations for entertainment spaces (theme parks, cinemas, and live events)
- Public facilities, corporate control rooms, and video systems

Light solutions trajectory to materialize vision

Provide solutions to create premium space experiences delivering greater presence



Value generated in market

Customer value

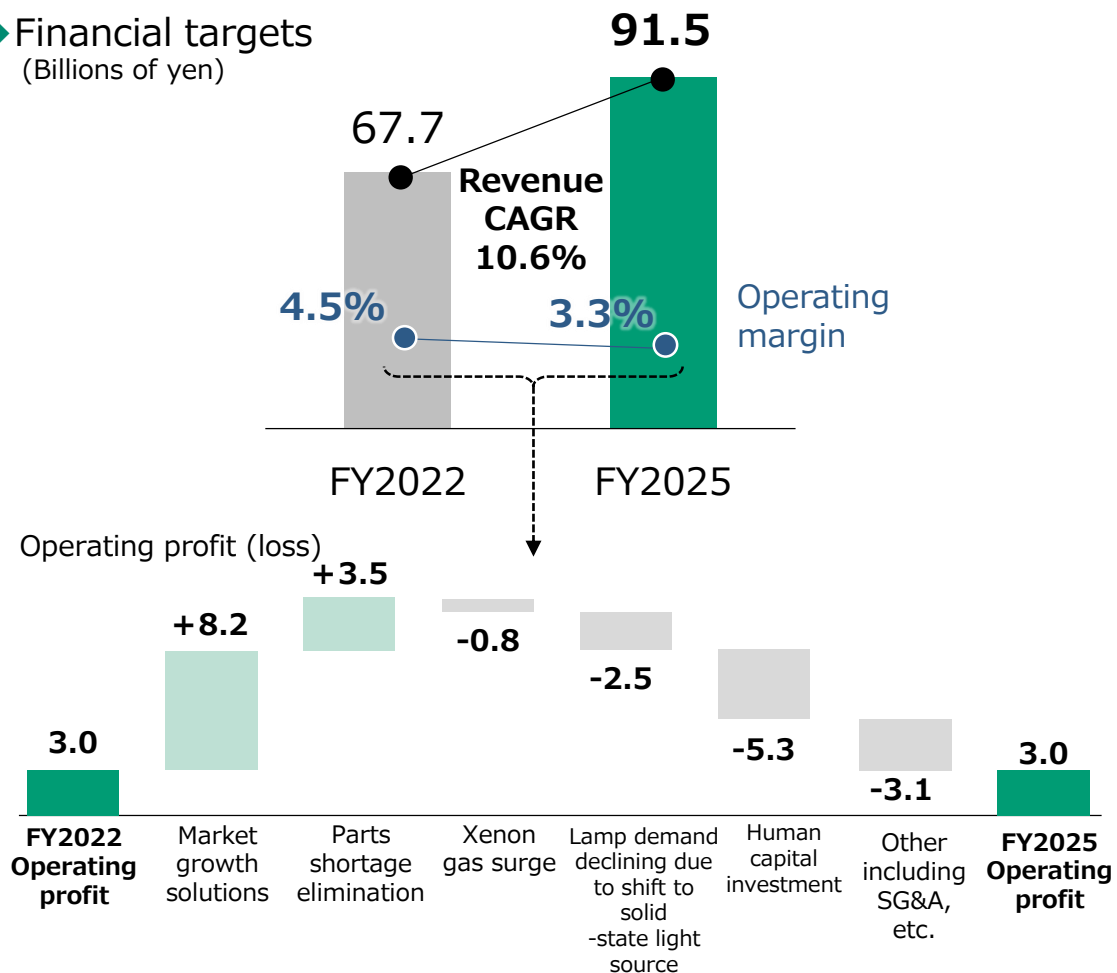
- Cut costs by streamlining operations (including by making cinemas completely unmanned)
- Materialize stable and sustainable operational structure
- Increase added-value services for customers through advanced video production

Social value

Help maintain a positive social environment by delighting and fulfilling people through video and light

Business policy: Despite declining lamp earnings, rebuild structure business in drive toward 2030 and build stable operational infrastructure

◆ Financial targets
(Billions of yen)



Business climate assumptions

- ✓ Advanced video production demand expanding
- ✓ Digital cinema projector demand remaining robust
- ✓ Progress with solid-state light sources for projectors
- ✓ Surging energy prices

Action plans (Vision 2030 preparations)

Transform business structure toward 2030 by progressing with solutions

- 1 Build structure to provide one-stop solutions and solidify high value-added proposals
- 2 Address risk factors for deteriorating business performance (supply chain management, xenon gas price hikes, and falling declining lamp demand)
- 3 Emphasize balance sheets in continuing to evolve business

Note:

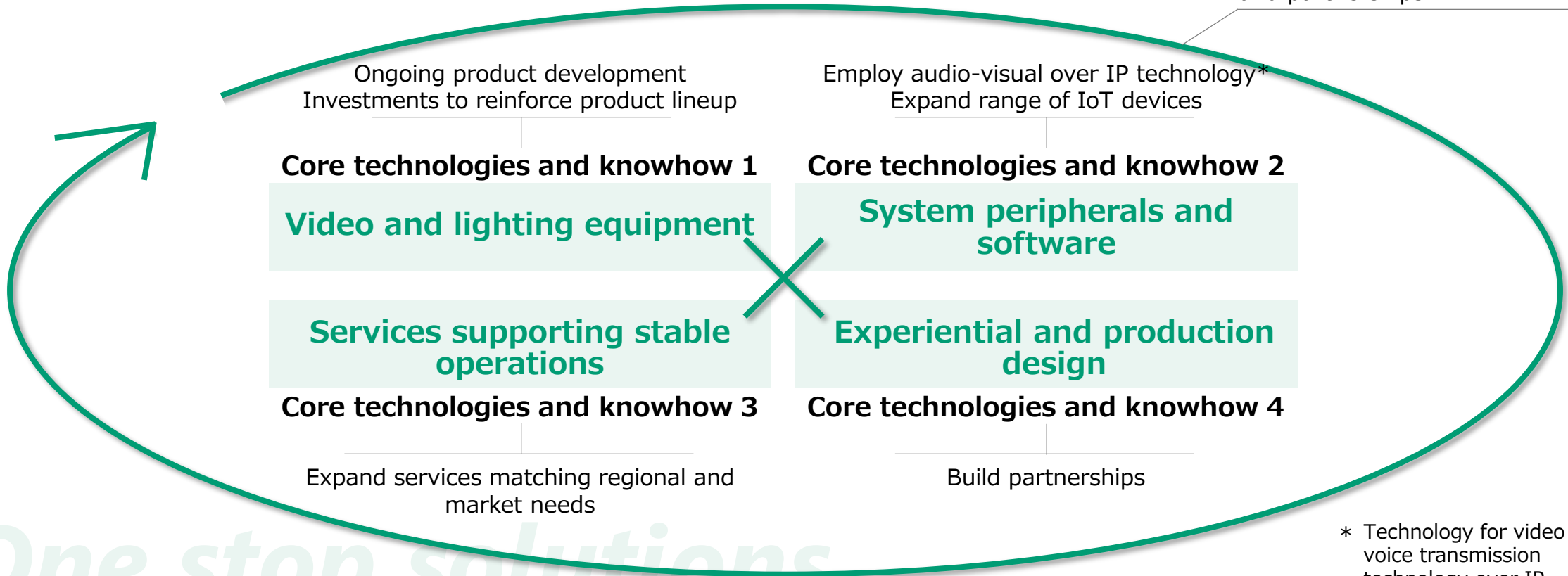
FY2022 values for each segment are reference values prepared by the Company for comparison purposes.

Operating income margin for FY25 is calculated excluding amortization of new goodwill.

Aim to build one-stop solutions platform

Provide optimal solutions by combining four core technologies and knowhow

Build platforms by combining in-house products based on proprietary core technologies and partnerships



* Technology for video and voice transmission technology over IP

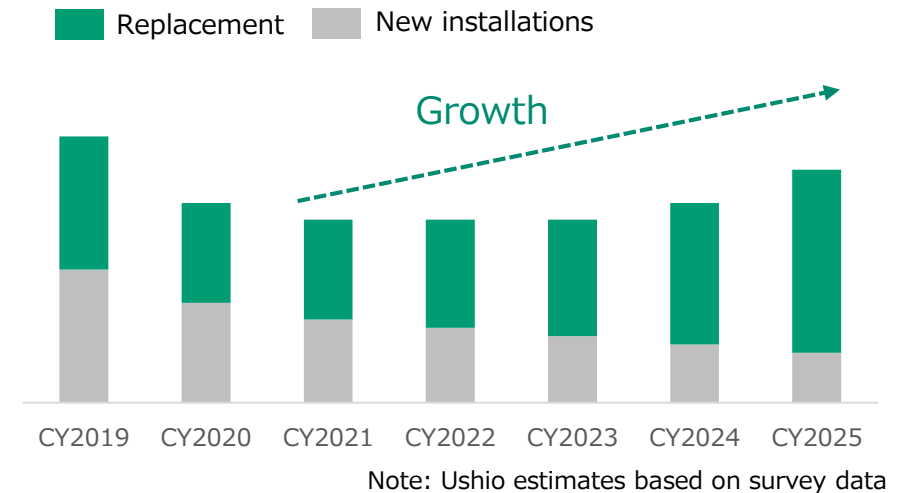
One stop solutions

Cinema market trends

✓ While movie-viewing formats are diversifying, demand keeps growing for the joy and sense of sharing that is unique to cinemas

- Replacement demand for digital cinema projectors expanding amid longer service lives and better quality
 - ▶ Replacements of more than half of existing units by 2030
- Notwithstanding slowing pace of new installations, moderate installations to continue
- Increasing ratio of premium screens offering highly immersive video, sound, and seating setups

◆ Cinema projector unit demand forecasts



Priority issues in capturing cinema market demand

Revise product lineup and sales structure to capture digital cinema projector replacement demand

Provide solutions to streamline cinema operations

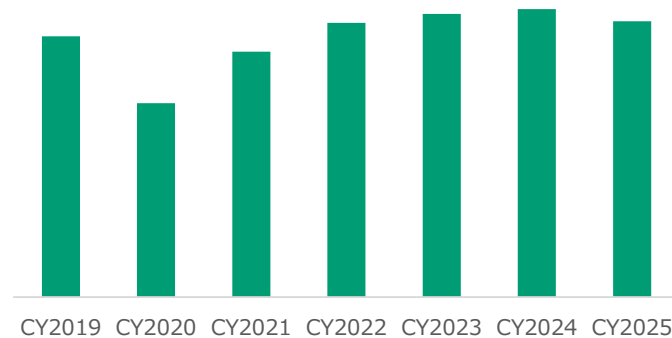
(Improve maintenance services by managing contents management and leveraging IoT network)

General visual imaging market trends

- More applications requiring complex, large-scale staging
 - ▶ Including public live events and theme parks
 - ▶ Multiple projectors plus peripheral equipment and software
- Capex demand always occurs in short time spans
- New technology adoption and other value-added markets

High-end projector demand forecasts

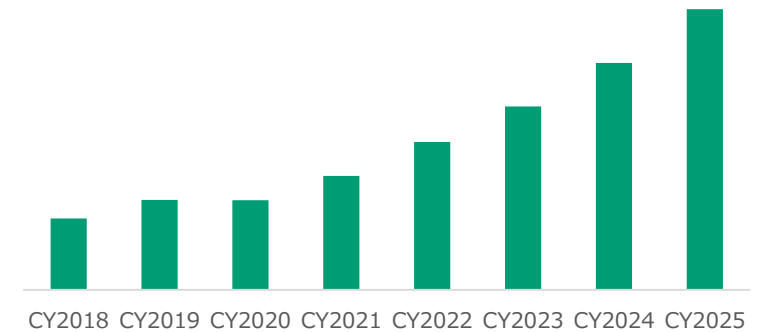
◆ High-end projector market growth



Note: Ushio estimates based on survey data

LED Video Wall demand forecasts

◆ LED display market growth



Note: Ushio estimates based on survey data

Key factors in penetrating general imaging market

Also reinforce lineup of LED Video Wall and other display products

Leverage network to reinforce service and support system

Deploy solutions employing Audio-Visual over IP technology*

* Technology for video and voice transmission technology over IP

Issues

Overview

Initiatives

Action Plan 2

Video Equipment

- Review supply chain management in view of parts shortages

Lamps

- Temporarily deteriorating profitability owing to rising xenon gas prices (for cinema lamps lamps)
- Declining demand for lamps because of shift to solid-state light sources (lamps for data projectors and cinema lamps)

- Parts and materials shortages hampered results under previous medium-term management plan. Strengthening supply chain is an issue.

- Purchase costs surging from supply-demand imbalance (from FY2023 through FY2024, thereafter improving gradually)
- Lamp demand gradually shrinking by 2030

- Minimize component procurement risks through design efforts

- Voluntary recalls and multiple purchases of xenon gas
- Boost market share by strengthening sales and service, enhancing efficiency by consolidating production

Action Plan 3

Emphasize balance sheets in continuing to evolve business

Inventories rising despite balance sheet-oriented measures, reflecting prolonged parts and materials shortage

- Reduce product and loss costs
- Refine PSI (production/sales/inventory) plans

Support the health of people and the planet by applying optical technologies

Value proposition of Life Sciences business

- Climate change measures
- Extend healthy life expectancies (from environmental hygiene, healthcare, pharmaceuticals, and drug development)
- Food initiatives

Light solutions trajectory to materialize vision

Focus on greater social issues and build unique structure to resolve them with proprietary light technology



Value generated in market

Customer value

Contribute to sustainability management of customer companies

Social value

- Help combat climate change
- Help extend healthy life expectancies, contributing to:
 - Consistently better living environments
 - Disease eradication and good health
 - Enhanced drug discovery processes and pharmaceuticals
- Contribute to food security

Business policy: Identify social issues and cultivate areas that can grow over long term like Visual Imaging and Industrial Process businesses

2030 targets

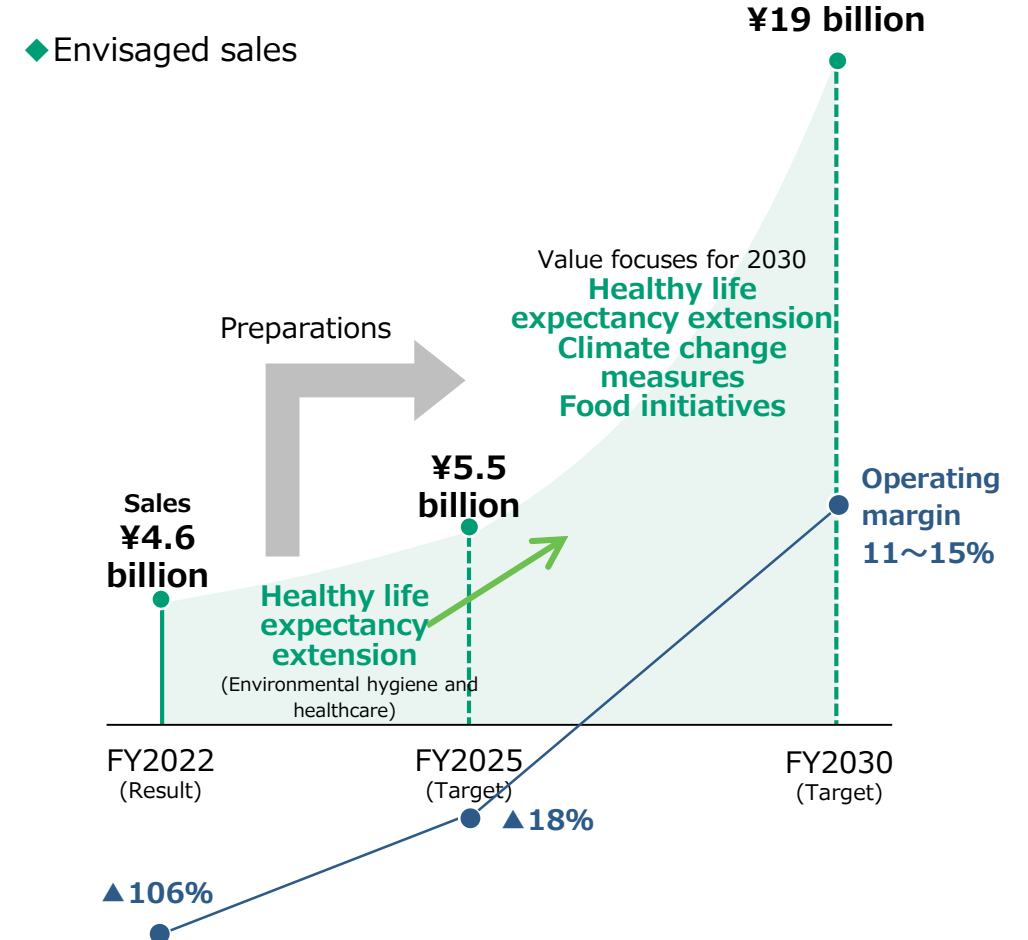
Focus on three areas in which light technology can help resolve social issues: **Climate change measures, food initiatives, and Healthy life expectancy extension**

Rationale: Issue scales + Market growth + Relevant Ushio technologies

Social issues	Core light technologies	New light technologies
Climate change measures	<ul style="list-style-type: none"> Light source manufacturing and power supply development Analysis and simulation Light technology 	<ul style="list-style-type: none"> Light process technologies
Food initiatives		<ul style="list-style-type: none"> Medical care and biotechnology
Healthy life expectancy extension		<ul style="list-style-type: none"> Equipment technology Optical process technology Microfabrication technology Medical care biotechnology

Preparations under current medium-term management plan

- ✓ Choose promising businesses to accelerate creation of new businesses for tomorrow
- ✓ Secure human capital and other resources needed to offer light optical solutions
- ✓ Strengthen partnerships, including M&A



Note: FY2022 values for each segment are reference values prepared by the Company for comparison purposes. Operating income margin for FY25 is calculated excluding amortization of new goodwill.

Paths for expanding businesses in value-providing areas* in 2030

* Climate change measures, Food initiatives, and Extending healthy life expectancies

Grow and expand current business domains
Healthy life expectancy extension

1 Environmental hygiene solutions

Environmental assumptions

- Infectious disease control: Ongoing risks of infectious diseases and growing threats of drug-resistance bacteria
- Indoor environment improvements: Progress with legal reforms and formulating roadmap to improve indoor (including for work) environments

Challenges and measures:

- Infectious disease control: Secure business primarily in medical and elder care and Mobility as a Service markets
 → Step up marketing overseas and acquire evidence for value proposition
- Indoor environment improvements: Leverage light to create deodorization and toxic substance removal technology and secure projects for use in products

2 Healthcare

Environmental assumptions: Phototherapy's promise for skin diseases and growing awareness of anti-aging and beauty routines

Challenges and measures: Expand lineup and distribution of UV therapy (immuno-control) equipment

Key product



Products incorporating Care222®, filtered Far UV-C technology for disinfection and virus inactivation

Key product



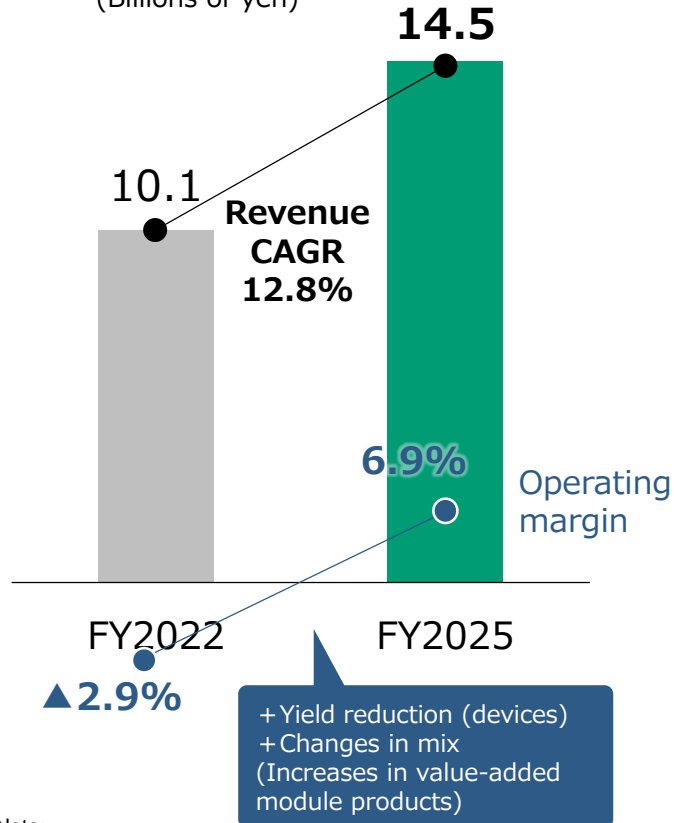
+

Create new businesses in through value-providing areas

Outcomes from organized approaches in Business Creation Division (see slide 49-50 for details)

Swiftly establish niche top positions by creating value with customers

◆ Financial targets (Billions of yen)



Note:
FY2022 values for each segment are reference values prepared by the Company for comparison purposes.
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Operating climate assumptions

✓ Solid state light source market already worth more than ¥10 trillion

→ Revenues should keep growing 7% to more than 11% annually over medium through long terms on such factors as light applications and energy efficiency enhancements

Needs in priority markets

IP: Growing need for digital data processing in semiconductor manufacturing and sensor-based production automation

VI: Growing use of personal use (augmented and virtual reality and in-vehicle) devices

LS: More sophisticated telemedicine and medical diagnostics* and progress with personalized medical equipment

Business strategies

- Choose niche and growth applications upstream in Industrial Processes, Visual Imaging, and Life Sciences businesses
- Establish niche-leading positions
→ Collaborate from development stage with customers with advanced applications
- Leverage strengths in light manipulation
→ Provide high value-added modules and subsystems that meet customers' light quality requirements and specialize in cultivating devices for specialized applications
- Extensively leverage investments in inorganic growth

Core products



Laser module

IP

- Cut light source costs for semiconductor-related production equipment
- Expand lineup

VI

- Embed more laser cinemas and augmented and virtual reality

LS

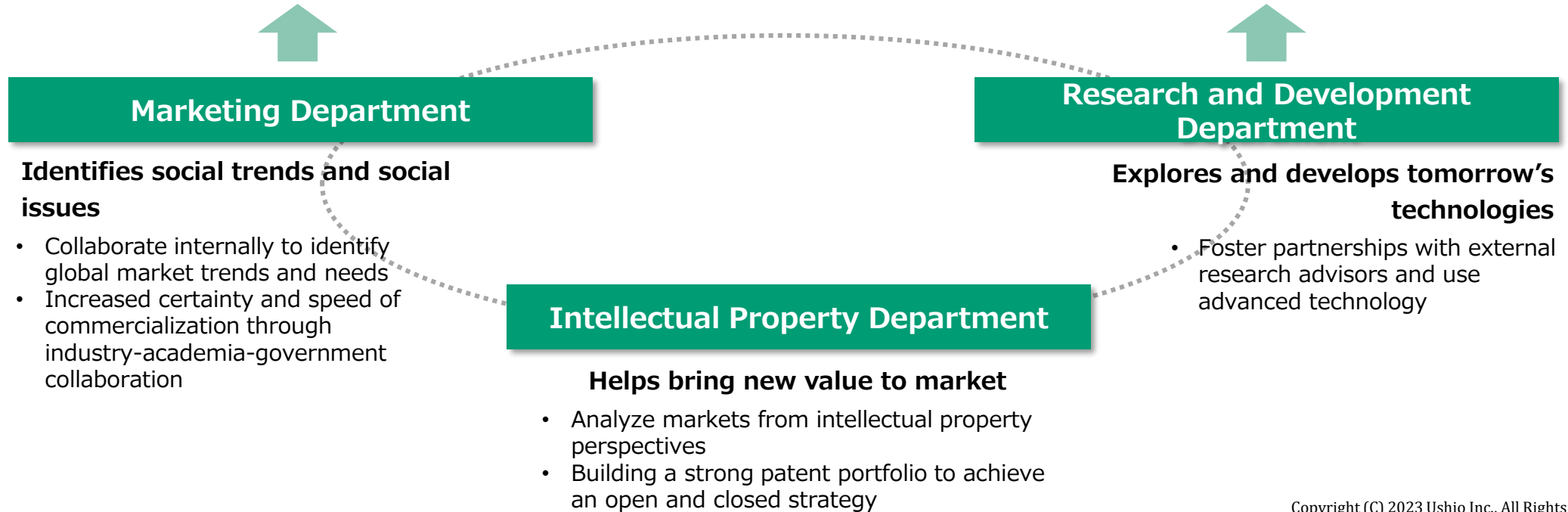
- Gene sequencing, ophthalmology and internal medicine, and other medical examinations*²
- Secure more therapeutic device OEM business by enhancing lineup

*Multispectral imaging captures images across multiple wavelength bands

Goal Innovate technologies, products, and services that help create value sustainably by systematically and realistically taking long-term perspectives on social issues

<Business Creation Division Structure and Roles>

- To realize the creation and provision of new value, accelerate the creation of new businesses aimed at solving social issues by integrating R&D, marketing, and intellectual property functions



Through an autonomous approach cycle and monitoring environment, sustainable business creation is realized

<Business selection approach and prospective projects>

Approach

(1) Identifying social trends and social issues

(2) Exploring and developing tomorrow's technologies

(3) Develop reproduceable technologies that become assets

(4) Collaborate with partners to drive business

Monitoring and screening process

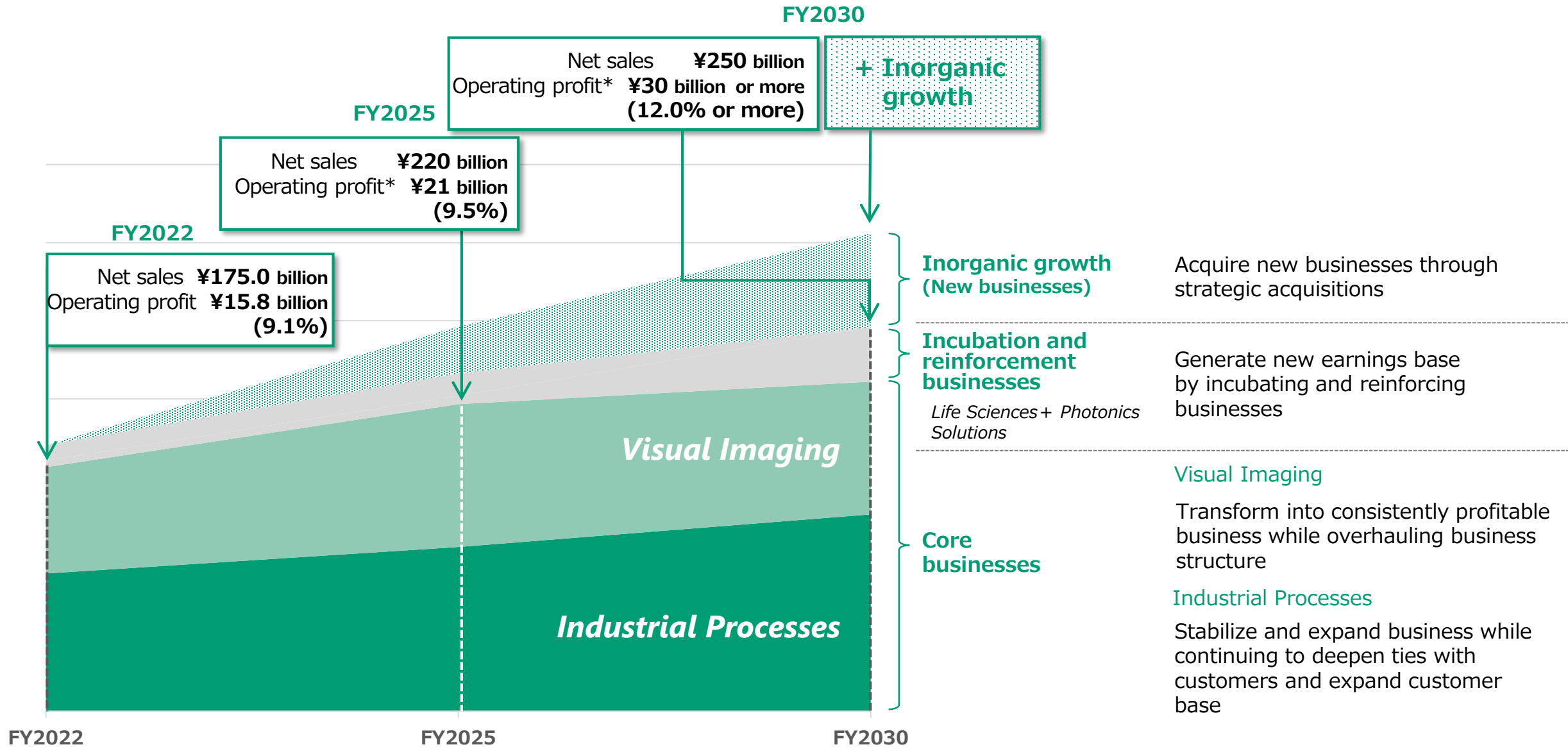
Monitor issue trees, market trends, and proprietary technology map fusion, updates, and focus area transitions

Promising candidates*

Industrial Process: Battery manufacturing process development, etc.
Life sciences: Climate change measures (methane gas decomposition and recycling); Extending healthy life expectancies (component testing and Organs on Chip)

*Subject to change

Business Strategy Summary: Envisaged Business Expansion over Medium and Long Terms



*Operating profit and operating margin targets exclude new goodwill amortization.

Reference: Reporting Segment Changes (including subsegments)

Old business segments	Subsegments	
Light Source Business	Halogen lamps	• OA
		• Lamps
		• Others
	Discharge lamps	• UV lamps
		• Cinema
		• Data projector
		• Optical equipment
		• Others
		• Solid state light sources
	Optical Equipment Business	• UV equipment
• Curing equipment		
• Others		
Imaging equipment Business	• Cinema	
	• General imaging	
	• Lighting equipment, etc.	
Others	Machinery for industrial use and others	



New business segments	Ref: Relevance to former business segments	
	Reporting segments	Reporting segments
Industrial Processes	<ul style="list-style-type: none"> ● Halogen lamps: OA, other ● Discharge lamps: UV lamps, Optical equipment lamps 	(Light Source)
	<ul style="list-style-type: none"> ● UV equipment ● Curing equipment ● Other (EUV, etc.) 	(Optical Equipment)
	<ul style="list-style-type: none"> ● Machinery for industrial use and other businesses 	(Others)
Visual Imaging	<ul style="list-style-type: none"> ● Halogen lamps: Illumination ● Discharge lamps: Cinema lamps, Data projector lamps 	(Light Source)
	<ul style="list-style-type: none"> ● Cinema ● General imaging ● Illumination equipment, etc. 	(Imaging Equipment)
Life Sciences	<ul style="list-style-type: none"> ● Discharge lamps: Optical equipment 	(Light Source)
	<ul style="list-style-type: none"> ● Other (Medical, etc.) 	(Optical Equipment)
Photonics Solutions	<ul style="list-style-type: none"> ● Solid-state light sources 	(Light Source)
Others	<ul style="list-style-type: none"> ● Others 	(Optical Equipment)

USHIO

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These statements are based on information available to the Company as of the date of publication of this document.
This document does not guarantee the future contents or performance of the Company.